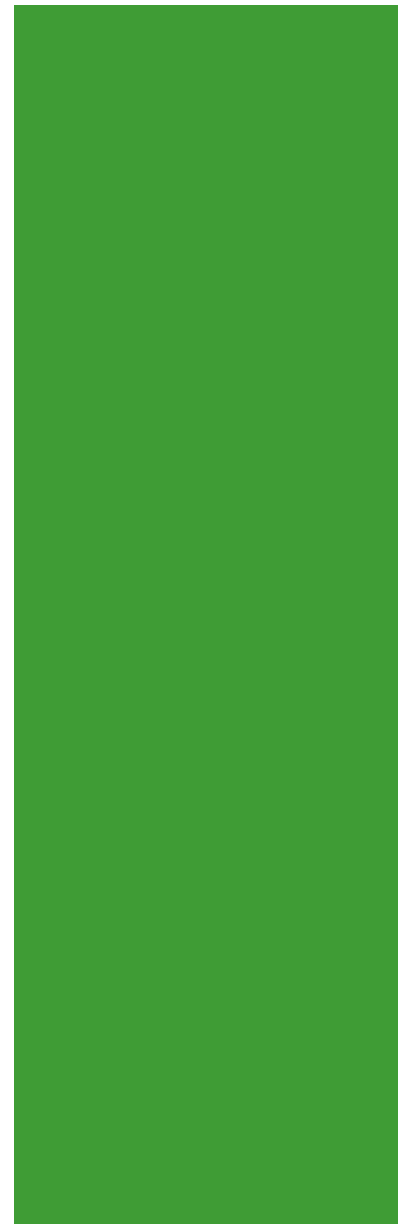


# Transparency Report 2019



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A world leader  
in audit, tax and  
consulting services



# THE RSM GLOBAL NETWORK

## OVERVIEW OF RSM INTERNATIONAL

RSM Hong Kong is a member of RSM International, an international network of independent professional firms formed in 1964. The network comprises member firms and correspondent firms in 116 countries with more than 750 offices and 41,000 staff. The network's total fee income is in excess of US\$5.37 billion, of which approximately US\$2.07 billion was derived from annual statutory audits.

RSM is the brand used by a network of independent accounting and advisory firms each of which practices in its own right. RSM International does not itself provide any accounting and advisory services. Member firms are driven by a common vision of providing high quality professional services, both in their domestic markets and in serving the international professional service needs of their client base.

Many of the RSM International member firms are among the top seven accounting organisations in their respective countries, and possess some of the best professional resources and experience available. The member firms have a broad client base from large listed and international companies to smaller, owner-managed businesses in the public and private sectors. In addition to traditional assurance services, there are significant resources and experience in tax, transaction support, technology consulting, risk management, internal audit and corporate recovery and insolvency work.

## OUR VALUES

### **RESPECT** — TREAT OTHERS AS WE WOULD LIKE TO BE TREATED

We display respect in each interaction with:

- clients
- employees
- partners

### **INTEGRITY** — DO THE RIGHT THING

We stay to our beliefs:

- in decisions
- in negotiations
- in communications

### **TEAMWORK** — WORK TOGETHER EFFECTIVELY

We cultivate genuine collaboration:

- in work groups
- across member firms
- across functions
- amongst leaders

### **EXCELLENCE** — BE THE BEST IN EVERYTHING

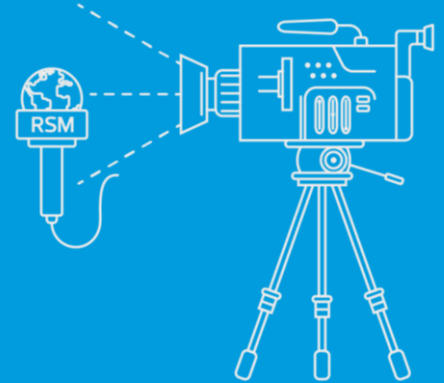
We achieve distinction through:

- our standards
- our operations
- the work we deliver

### **STEWARDSHIP** — BETTER OUR NETWORK, MEMBERS AND OUR PEOPLE

We make RSM a better place by:

- developing our people
- building our brand
- supporting our communities



## MEMBERSHIP IN THE FORUM OF FIRMS

RSM International is a member of the Forum of Firms, an organisation formally established in 2002 as an association of international networks of accounting firms that perform transnational audits.

RSM International is active in and fully supports the objective of the Forum of Firms which is to promote consistent and high-quality standards of financial reporting and auditing practices worldwide and to support convergence of national audit standards with the International Standards on Auditing. Susana Martinez of RSM Mexico currently represents RSM International as member of the Forum of Firms' Transnational Auditors Committee.

**GLOBAL REVENUE**  
**US\$ 5.4**  
**BILLION**



  
**116**  
**COUNTRIES**

  
**41,000**  
**PEOPLE**

**750**  
**OFFICES**



## OUR PURPOSE

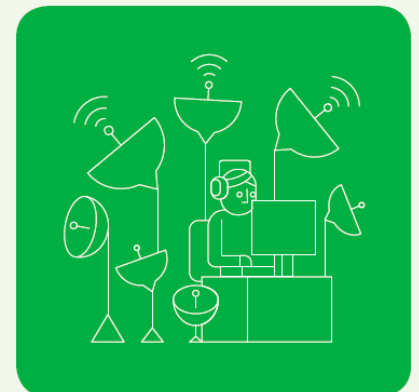
Our purpose is to deliver **The Power of Being Understood** to our clients, colleagues and communities through:

### COLLABORATION



We build strong, collaborative and lasting relationships with all our stakeholders by being accessible, responsive and adaptive.

### UNDERSTANDING



We provide every client with the benefits of tailored thinking and the insight of our more senior experts, both locally and globally.

### IDEAS AND INSIGHT



We gain a deep understanding of clients' needs, strategy and aspirations and strive to be an essential part of their business environment.

## THE POWER OF BEING UNDERSTOOD

The RSM network connects member firms through common methods and processes, including commonly agreed and applied quality standards. This connection provides comfort to RSM International member firm partners and their clients that the quality of service and advice to referred clients will be to a consistently high standard – everywhere in the world.

We exist is to empower our clients to make confident decisions. In order to achieve this, we focus around a single, clarifying thought – the Power of Being Understood. This is the idea that sits at the heart of our brand and guides us in our decisions, behaviours, values and actions.

## THE CLIENT COMMITMENT

From new trade rules to talent migration, from big data to cyber threats, new data security and privacy regulations, the world is changing at an unprecedented pace. But upheaval also means opportunity, if you're prepared.

In this fast-paced environment, you need an adviser that thinks ahead and rapidly responds to your changing needs. At RSM, we build strong relationships based on deep understanding of what matters most to our clients.

It is our strong, collaborative approach that differentiates us. We will strive to truly understand you, your strategies and your aspirations and endeavour to be considered the adviser of choice to your business. By sharing the ideas and insights of our most senior professionals, we bring our expert local and global knowledge and resources to your environment, so you feel understood and empowered to move forward with confidence.

This is the power of being understood. This is the RSM experience and our commitment to you.

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For the year ended 31 December 2018, RSM International member firms from European Union / European Economic Area Member States generated total turnover related to the statutory audits of annual and consolidated financial statements of approximately Euros 279 million.

A list of RSM network audit firms and statutory auditors in European Union / European Economic Area Member States as at 31 December 2018 can be found in Appendix I.

# LEGAL STRUCTURE AND OWNERSHIP

RSM Hong Kong, a partnership of certified public accountants formed in Hong Kong in 1975, is registered with the Hong Kong Institute of Certified Public Accountants (HKICPA) and is owned by its equity partners.

Our organisation includes the following corporations providing non-attestation services:

- RSM Tax Advisory (Hong Kong) Limited
- RSM Consulting (Hong Kong) Limited
- RSM Corporate Advisory (Hong Kong) Limited
- RSM Capital (Hong Kong) Limited

RSM Hong Kong is one of the leading accounting and consulting firms in Hong Kong with more than 600 staff and offers a wide range of services to local and international clients including Audit and Assurance, Taxation, Risk Advisory, Transaction Advisory, Technology and Management Consulting and Corporate Advisory. Our professionals are well-versed in accounting and auditing standards, tax and investment regulations prevailing in Hong Kong, Mainland China as well as other economies which are major business partners of Hong Kong. We conform to the highest international standards.

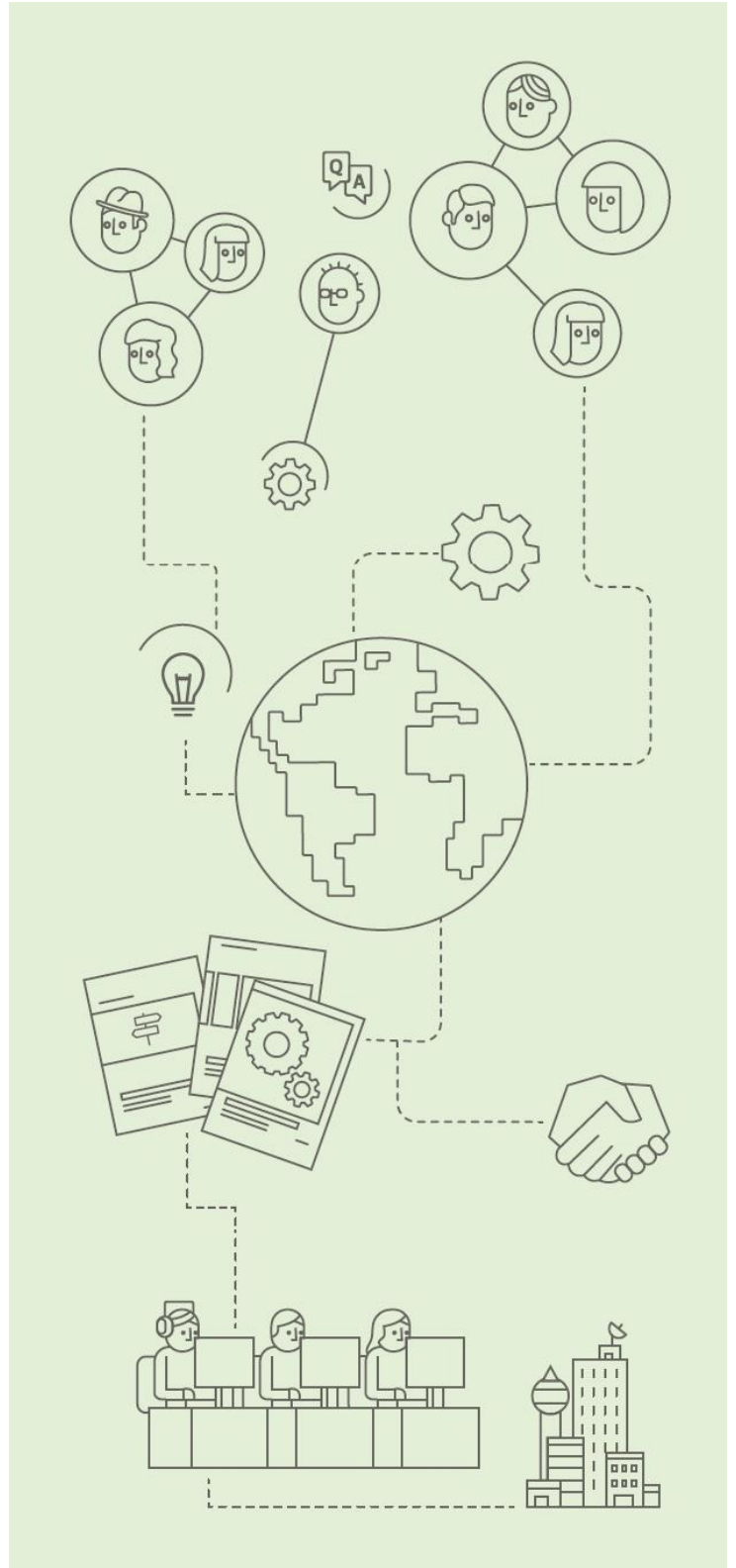
Through its membership of RSM International, RSM Hong Kong offers responsive and quality international service. This, together with a traditional approach of providing a tailored, personalised service to all clients, makes RSM Hong Kong a more attractive and effective organisation.

# GOVERNANCE STRUCTURE

## MANAGEMENT COMMITTEE

The Management Committee comprises five senior partners and is responsible for the formulation of strategy for the consideration and approval by the partners, execution of strategies as laid down by the firm, and for the day-to-day operations. The Management Committee is assisted by various service and administrative departments and department heads in executing our strategies and administrating the day-to-day operations. The Management Committee, which is appointed by the partners from time to time, currently comprises Wong Poh Weng, Stephen Wong, Eugene Liu, Chris Wong and Eric Chen.

The Management Committee has the overall responsibility for the maintenance, implementation and communication of the firm's Quality Assurance and Risk Containment Policies and Procedures for the professional services which the firm provides. The Management Committee's responsibilities include ensuring that the firm's quality assurance policies are communicated to all the firm's partners and professional staff by dissemination in appropriate briefing memoranda or through training seminars and meetings. The communication stresses that each individual has a personal responsibility for quality and is expected to comply with the firm's policies and procedures in carrying out his/her work. The Management Committee also has the overall responsibility for the resolution of quality assurance matters within the firm.





**WONG POH WENG**  
**CHAIRMAN**

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Wong Poh Weng joined RSM Hong Kong in 1985. He obtained a Bachelor of Science from The University of Essex and qualified (Fellow Member, The Institute of Chartered Accountants in England and Wales) with PricewaterhouseCoopers, London, in 1976. He was seconded to their Hong Kong office in 1978, heading up an audit group specialising in corporate reviews, valuations and investigations.

As Chairman of the firm, he is accountable to the Management Committee and is charged with the responsibility to manage Corporate Governance and provide leadership to the Management Committee. He is also required to ensure the strategies and policies agreed by the Management Committee and partners are effectively implemented by the Managing Partners, and there is effective communication between the Management Committee and all partners of the firm.

Poh Weng is also the chairman of the RSM Asia Pacific Executive Council and a member of the RSM International Board of Directors.



**STEPHEN WONG**  
**MANAGING PARTNER**

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Stephen Wong qualified with PricewaterhouseCoopers, Hong Kong before joining RSM Hong Kong in 1988 where he was made a partner in 1991. He is also the Head of Audit and Assurance. In addition, he is a member of the Transnational Audit Services Executive Committee (TASEC) of RSM International. TASEC oversees all technical and inspection matters in the RSM network and is also responsible for the development and maintenance of the RSM Assurance Methodology.



**EUGENE LIU**  
**MANAGING PARTNER**

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Eugene Liu obtained a Master of Business Administration from The University of Oregon, U.S.A. and a Bachelor of Commerce from University of Manitoba, Canada. He qualified with Arthur Andersen & Co. in Hong Kong, joined PricewaterhouseCoopers as a Senior Manager in 1997 and became a partner in 1998. He joined RSM Hong Kong as a partner in January 2000. He is experienced in conducting audit and capital market work in Hong Kong and the People's Republic of China and has extensive experience in business valuations of closely held companies in Hong Kong.



## STEPHEN WONG | HEAD OF AUDIT

As Partner-in-charge of Audit and Assurance, his primary responsibility is the maintenance and implementation of quality assurance and risk containment policies and procedures, which meet or exceed the relevant professional requirements of RSM and Hong Kong, for all audit and assurance services. This responsibility includes:

- Establishing and overseeing the implementation of appropriate firm policies and procedures to reasonably ensure that all audit, review and other assurance related services engagements are conducted in accordance with RSM Ethics, Continuing Professional Development, Audit and Quality Assurance and Risk Containment Policies, as a minimum, and all relevant professional standards and regulatory and legal requirements;
- Designating responsibility for the development and maintenance of the firm's audit and assurance policies and procedures, which are in compliance with professional standards and legal and regulatory requirements, to appropriately qualified and experienced individuals;
- Designating engagement quality control review responsibilities for audit and assurance engagements to suitably qualified individuals and assigning appropriately experienced individuals to serve as engagement quality control reviewers, where required under the firm's policies;
- Overseeing the assignment of partners to audit, review and other assurance services engagements, to ensure compliance with applicable RSM and HKICPA requirements, as a minimum;
- Resolving disagreements, if any, among members of the engagement team which could not be resolved at the engagement level; if necessary, through consultation in accordance with RSM consultation procedures;
- Maintaining a list of technical topics and other subject matters which require consultation under firm policies, that is appropriate to the firm's audit, review and other assurance services practice, and which meet, at a minimum, RSM consultation requirements;
- Establishing a process of consultation which ensures that matters requiring consultation will be addressed by consultants with the appropriate level of technical knowledge and experience, either from within or outside of the firm; and
- Coordinating the periodic monitoring of the design and operational effectiveness of the firm's system of quality assurance with RSM Policies; ensuring that any deficiencies identified from a monitoring and inspection process are communicated to all partners and professional staff on a firm-wide basis, including to the management committee, and that appropriate remedial actions are implemented within the firm.

## EUGENE LIU | HEAD OF PRACTICE DEVELOPMENT

As Partner-in-charge of Practice Development, he is responsible for the following:

- Formulating and executing the firm's practice development plan and strategies;
- Ensuring the firm's branding and marketing strategies are in line with RSM Policies;
- Developing and overseeing the firm's industry specialisation groups; and
- Establishing and overseeing the firm's China Practice and Japan Practice Groups.

Apart from being Head of Practice Development, Eugene also heads the Consulting Division and Financial Services Group and Capital Market Group.

## GARY STEVENSON | PARTNER-IN-CHARGE OF CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

Gary is a partner in the technical department and advises the Firm's audit and assurance practice on professional standards requirements.

Before joining RSM Hong Kong in December 2015, Gary accumulated 15 years experience in the technical departments of international accounting firms. Gary has extensive experience in the application of Hong Kong Financial Reporting Standards and International Financial Reporting Standards by listed companies in Hong Kong, Singapore and the United Kingdom.

Being the Partner-in-charge of CPD, his responsibilities include:

- Establishing, and periodically monitoring the effectiveness of the annual CPD plan which ensures that personnel at all levels are receiving the appropriate CPD which will meet or exceed RSM CPD policies and HKICPA requirements;
- Ensuring personnel at all levels are enrolled and attended CPD courses and programmes which are appropriate for their level and responsibilities and meet RSM requirements, and encouraging them to participate in any other professional activities;
- Ensuring internally developed materials have been reviewed for technical accuracy and completeness and any external training is acquired from organisations with appropriate expertise;
- Overseeing the maintenance of records of attendance or completion of CPD by personnel at all levels;
- Maintaining records evidencing the content and method of delivery, and the evaluation of CPD programmes attended or completed by personnel at all levels; and
- Ensuring the firm has an adequate library of technical and other relevant materials appropriate for the firm's professional staff.

## CHRIS WONG | PARTNER-IN-CHARGE OF HUMAN RESOURCES

Chris Wong obtained a Bachelor of Arts (Honors) from The University of Hong Kong. He joined RSM Hong Kong from Ernst & Young as a Manager in 2000 and became a partner in July 2004. He is experienced in conducting audit and capital market work in Hong Kong and Singapore. His primary responsibilities are corporate finance and audits of companies targeting capital markets. His responsibilities as partner-in-charge of Human Resources include:

- Identifying the firm's personnel needs at all levels, including methods of identifying, contacting and attracting potential new employees;
- Establishing guidelines for the attributes, qualifications and experience sought for each classification of employee and hiring personnel which are appropriate for the positions for which they are hired;
- Developing guidelines for the responsibilities, skills and knowledge to be demonstrated at each partner and staff level, ensuring that personnel at all levels are aware of the responsibilities of their position;
- Ensuring that the firm evaluates the performance of all professional personnel, including partners and directors, and advises them of their progress within the firm; and
- Ensuring that advancement decisions are made on a timely and fair basis for all professional personnel, including partners.

# OUR PEOPLE ARE OUR BIGGEST ASSET

## GARY STEVENSON | PARTNER-IN-CHARGE OF ETHICS AND INDEPENDENCE

As the Partner-in-charge of Ethics and Independence, he is responsible for the following:

- Adopting and implementing ethics and independence policies which meet or exceed RSM and HKICPA requirements;
- Monitoring and overseeing the implementation of procedures to ensure compliance with Ethics and Independence policies across all service lines;
- Maintaining the RSM Global Relationship Tracker List for the firm;
- Resolving independence issues, if necessary, through the firm's consultation procedures;
- Ensuring that all personnel in the firm are knowledgeable and understand the firm's Ethics and Independence policies and procedures; and
- Coordinating the annual Independence Confirmation survey with the RSM Global Executive Office.

Gary Stevenson became Partner-in-charge of Ethics and Independence with effect from 1 April 2018.

## COLIN CHAU | HEAD OF TECHNICAL

Colin Chau obtained a Bachelor of Commerce degree from The University of Melbourne, Australia. He qualified with PricewaterhouseCoopers, Melbourne in 1976 and joined the Hong Kong firm in 1977. Colin held various roles during his tenure in PricewaterhouseCoopers and was last Engagement Leader in the Business Services Division.

Between 1999 and 2005 Colin was with the HKICPA and, as the Director of Compliance and Head of the Compliance Department, he oversaw the monitoring and enforcement of accounting and auditing standards in Hong Kong. Between 2005 and 2012 he worked for Hong Kong Exchanges and Clearing Limited where he was a Senior Vice President and Head of Accounting Affairs Department of the Listing Division, which is responsible for providing accounting and policy support to the Initial Public Offering, Compliance & Monitoring and the Enforcement Departments of the Listing Division.

He joined RSM Hong Kong in January 2014 as the head of all technical matters. As Head of Technical, he is responsible for:

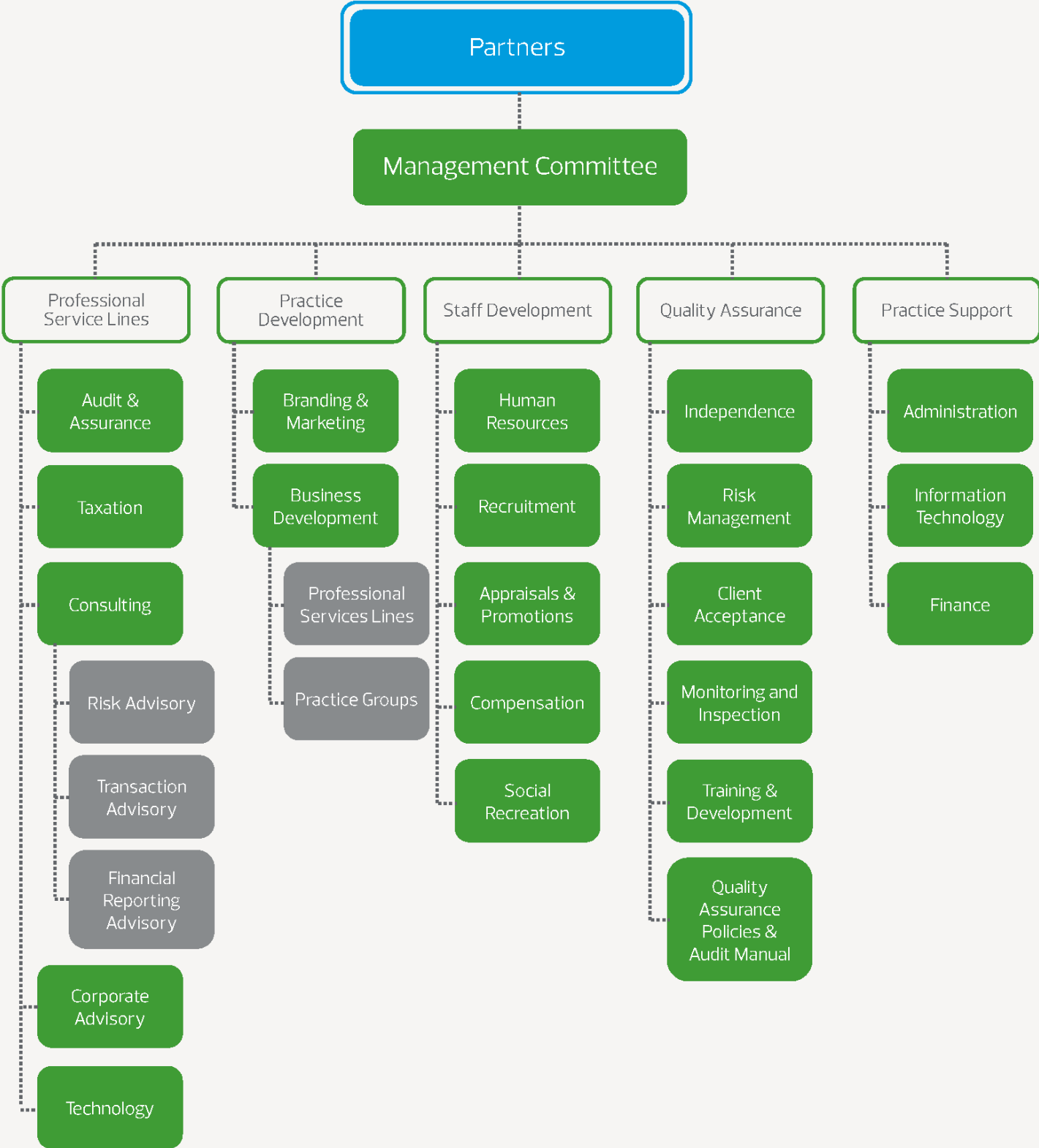
- The provision of technical support to all professional staff so that they are equipped with up-to-date professional knowledge necessary to discharge their duties and responsibilities;
- The update and enhancement of the firm's in-house reference materials;
- The maintenance and update of audit manuals in accordance with RSM and Hong Kong auditing pronouncements;
- The conduct of the Internal Inspection of the firm pursuant to our Quality Assurance and Risk Containment Policies and Procedures; and
- The provision of technical support to RSM International member firms as and when necessary.

## PROFESSIONAL SERVICES LINES

Each professional service line is headed by a senior partner who is responsible for all matters relating to that service line including manpower and space planning, assessment and promotion of staff, staff utilisation and general administration of the department. The current heads of professional service lines departments are:



# RSM HONG KONG GOVERNANCE STRUCTURE



# INTERNAL QUALITY CONTROL SYSTEM

We consider that our systems are compliant with all applicable standards, including the Hong Kong Standard on Quality Control 1 issued by the HKICPA and the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board.

Our organisation structure, policies, procedures and communication programmes promote an internal culture of quality on all services provided by the firm.

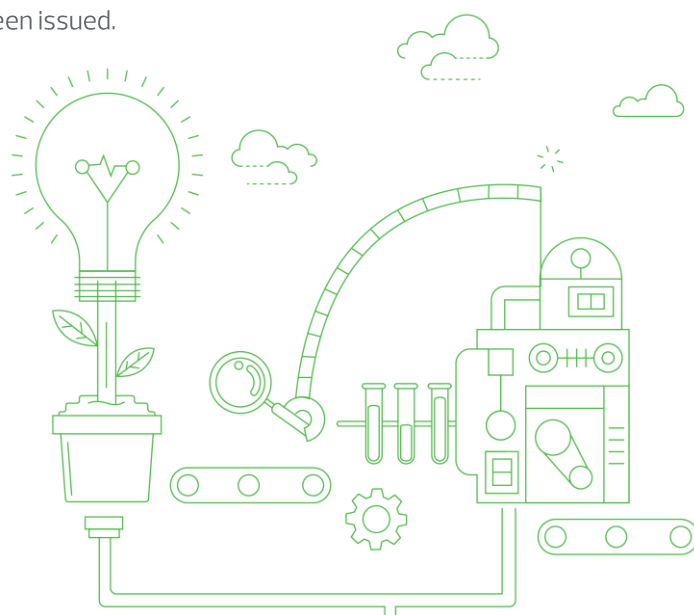
The Management Committee has the responsibility for the establishment, maintenance and monitoring of the firm's internal quality control systems which include the following elements:

- Acceptance and Continuance of Client Relationships and Specific Engagements
- Human Resources
- Training and Continuing Professional Development (CPD)
- Assignment of Engagement Teams
- Engagement Performance
- Supervision and Review
- Consultation
- Monitoring and Quality Control

The firm is committed to quality and expects all our partners and staff to embrace quality, act with honesty and integrity and take responsibility for all their work. Any failure to act in this manner will result in disciplinary action.

This is reinforced in our quality assurance policies and procedures and our staff development and CPD policies. All of RSM Hong Kong policies and procedures are in line with the recommendations and policies issued by RSM International.

These policies, procedures and monitoring activities provide our Management Committee with reasonable assurance that our partners and staff have complied with applicable professional, regulatory and legal requirements, that work has been performed to a consistently high standard and that appropriate reports have been issued.



# FOUNDATION OF QUALITY

as laid down by RSM International

## AUDIT QUALITY

Quality is the absolute cornerstone for RSM. To reinforce the message that audit quality is of the utmost importance the RSM Global Executive Office develops and maintains global resources and tools for member firms, including:

- An audit methodology delivered via technology and software that is used globally
- An audit methodology manual and quality assurance and risk containment policies that are designed in accordance with international auditing, quality control, independence and ethics standards
- A comprehensive proprietary intranet service where information is housed for member firms covering topics such as auditing, financial reporting, ethics and independence requirements and training on all topics, processes and protocols enabling consultation with the RSM Global Executive Office with regard to audit, independence and ethics matters

The overall responsibility for effective and high quality functioning of the member firm's assurance practices lies with the RSM Global Leader – Quality & Risk. The Transnational Assurance Services Executive Committee (TASEC) provides development of strategy and direction for the assurance practices which is then implemented through the RSM Global Leader – Quality & Risk and the RSM Global Executive Office team. The heads of audit from member firms are also called upon to form task forces and to seek input with respect to specific needs and projects undertaken by the RSM Global Executive Office.

The Global Leader – Quality & Risk is also supported in strategy implementation by assurance functional leaders for audit methodology and technology, International Financial Reporting Standards, global inspection and monitoring programmes and assurance services training.

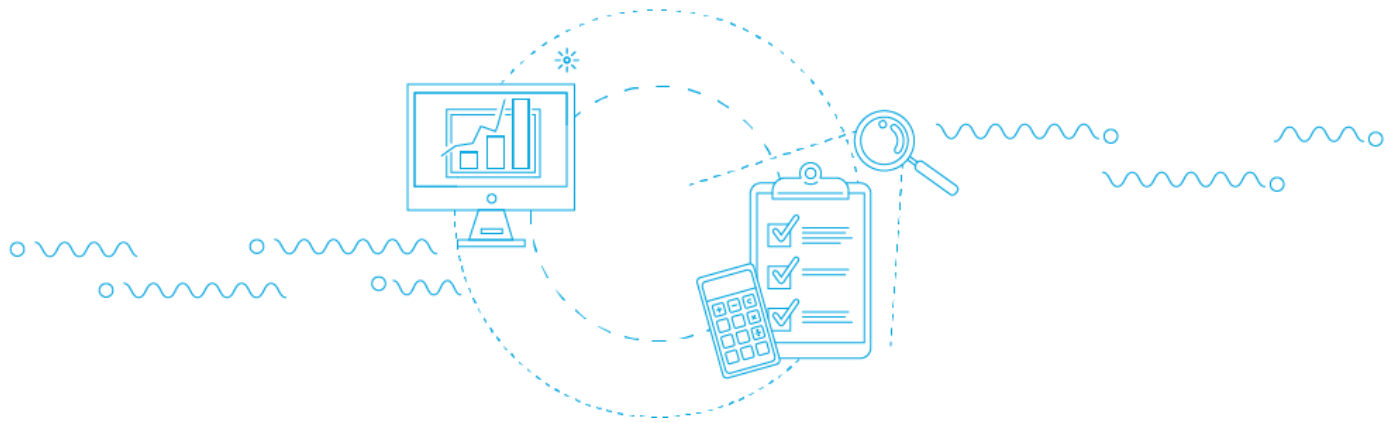
## RSM GLOBAL AUDIT METHODOLOGY

RSM International member firms have agreed to comply with the requirements of the RSM Global Audit Manual and the RSM Global Audit Methodology. The RSM Global Audit Manual provides a risk-based methodology and includes providing member firm engagement teams with guidance with respect to appropriate responses to identified risks of material misstatement. The requirements within the RSM Global Audit Manual are required to be used by RSM International member firms when conducting audits of financial statements.

The RSM Global Audit Manual complies with the requirements of the following:

- International Standards on Quality Control issued by the International Auditing and Assurance Standards Board (IAASB)
- International Standards on Auditing issued by the IAASB
- International Auditing Practice Statements issued by the IAASB
- RSM Quality Assurance and Risk Containment Policies

RSM International member firms apply the requirements and guidance contained in the RSM Global Audit Manual through the use of audit programmes and also, where appropriate, through automated audit templates.



## RSM INTERNATIONAL COMMITTEES AND LEADERSHIP GROUPS

RSM International has established the following committees, leadership and advisory groups, made up of professionals from member firms around the world. These include:

- **IT Committee** – actively engaged in the review, analysis and support of the IT infrastructure, data privacy and security
- **Global Tax Leadership Group** – supports and develops quality control standards, marketing, business development and global collaboration for tax services
- **Global Risk Consulting Committee** – supports and develops quality control standards, marketing, business development and global collaboration
- **Global Financial Due Diligence Leadership Group** – supports cross-border collaboration for financial due diligence assignments
- **Operational Risk Committee** – responsible for overseeing the development and management of operational risks for the network
- **IFRS Advisory Committee** – responsible for supporting the development of IFRS capabilities within member firms
- **Innovation Committee** – responsible for developing and promoting an innovative culture contributing to the growth and long-term development of the network

## RSM INTERNATIONAL CENTRES OF EXCELLENCE (CoE)

CoE play a critical role in our international business development efforts and also serve to enhance member firm core competencies in services delivered. The CoE are groups of professionals from various member firms who aim to establish common practices, facilitate seamless regional delivery and align our resources to enable targeting of mid-size and larger, more sophisticated companies.

## TRANSNATIONAL ASSURANCE SERVICES EXECUTIVE COMMITTEE (TASEC)

As an executive committee of the RSM International Board of Directors, TASEC has oversight responsibility for development, promulgation and monitoring of compliance with all standards issued by the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA). TASEC is also charged with monitoring the operation of quality assurance activities conducted by the RSM Global Executive Office, including the approval of due diligence reports for the admission of new member firms, the approval of member firm inspection reports, and action plans to address deficiencies noted during the global inspection programme.

Other responsibilities of TASEC include oversight of the development, promulgation and monitoring of compliance with the:

- Requirements of the RSM Global Audit Manual and the RSM Global Audit Methodology
- Non-service line specific and assurance services requirements of the RSM Quality Assurance and Risk Containment Policies
- Requirements of the RSM Ethics and Independence Policies
- Requirements of the RSM Anti-Bribery and Corruption Policies
- Requirements of the Policies and Procedures for the Global Inspection Programme and Member Firm Inspection Programme
- Requirements of the RSM Assurance Services Training and Continued Professional Development Policies

When appropriate, TASEC, upon recommendation of the RSM Global Executive Office, also recommends sanctions against member firms and professionals as a result of non-compliance with the Committee's directives. The RSM International Board of Directors ultimately acts on any such recommendations.

According to its terms of reference, TASEC consists of five to nine members of suitably qualified and experienced audit partners or audit directors from member firms. The chair of TASEC is selected by the RSM International Board of Directors from the members of the Committee and serves for a term of three years and can be re-nominated at the end of the three year term.



# ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

It is our policy to accept engagements only with those clients who fit the firm's key acceptance criteria. Such criteria includes client integrity, independence, understanding of the client's needs and service requirements and our capabilities in terms of resources and expertise to perform the work required by the client and to render the necessary reports.

It is our policy to obtain such information as considered necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement and when considering acceptance of a new engagement with an existing client. Our KYC (know your client) procedures include obtaining all information that is publicly available and carrying out reference checks with security organisations such as World-Check One of which we are subscribers. This evaluation and re-evaluation is documented and approved by the engagement partner.

In circumstances where issues are identified including any firm conflict or personal conflict of interest, the engagement partner is required to consult, and to document the consultation, with one or more specified individuals before accepting or continuing an engagement or relationship. The level of approval required to accept a client depends on the risk assessment. Prospective and existing clients assessed as high risk require approval by our Client Acceptance Committee.



# HUMAN RESOURCES

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RSM Hong Kong has developed and maintains hiring policies and procedures to provide reasonable assurance that individuals are recruited and hired on a timely basis to meet our human resource requirements. An annual recruiting plan is prepared based on projections anticipating expected growth, turnover, advancements, retirements and other factors.

Our personnel needs and hiring objectives are communicated to those involved in hiring. Individuals who are recruited and hired have integrity and the motivation and aptitude for the profession and have adequate educational background and qualifications appropriate for the positions for which they are hired. The stages of recruitment include application by form or resume, interview, reference check, offer made and offer accepted.

RSM Hong Kong has eight formal levels of career development across all divisions of the firm. Our career development plan (CDP) specifies relevant subject knowledge, competencies and training for each of these career levels. This includes both technical knowledge and behaviours.

The structure and content of the CDP forms the basis of the performance appraisal process and is an integral part of assessing the progress and capability of all staff. The performance of each professional is continuously evaluated by individuals who are most familiar with the professional's performance. Each professional is assessed every six months as at 1 January and 1 July and formally advised of progress, strengths and weaknesses, future objectives and their development plan by means of an evaluation meeting with an appropriate manager and/or partner/director and the results recorded such that performance can be monitored over an extended period of time.

Advancement decisions are based on performance evaluations so that those selected for advancement have the qualifications and experience necessary for fulfilment of the responsibilities they will be called upon to assume and have the necessary commitment to, and understanding of, the firm's ethical requirements and quality assurance and risk containment policies.

Personnel files are maintained by the Human Resources division which include details of career development, experience, performance evaluations and qualifications. Professional development courses are maintained on the staff training records database.



# TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

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A firm-wide in-house training programme is prepared on an annual basis. Each staff has to attend the training programme as specified by each service line for the respective grade of professional staff.

Attendance records are maintained and details added to the training database. Attendance is compulsory and any non-attendance is dealt with accordingly. All participants complete evaluations on the conferences and presenters and this information is collated by the Partner-in-charge of CPD and reviewed by the heads of each professional service line.

Each partner / director and qualified professional employee engaged in providing assurance services must complete a minimum of 30 hours of Structured CPD per year, or a minimum of 90 hours structured CPD in every three-year period.

Members of HKICPA must complete a minimum of 120 hours CPD (including unstructured CPD) in every three-year period. At least 20 hours must be completed annually.

RSM Hong Kong Assurance Services Training and CPD policies require all partners/directors and qualified professional employees to develop and maintain competencies relevant and appropriate to their work and professional responsibilities. The responsibility for developing and maintaining competence rests primarily with each individual partner/director and qualified professional employee.

Professional staff are also encouraged to attend external training relevant to their grades and service lines. The firm will reimburse the staff for the appropriate training cost.

As a member firm of RSM International, the firm is required to create and maintain training and CPD programmes that provide partners/directors and professional employees with adequate training and training updates (covering changes to underlying rules and standards) in the following areas:

- Audit Methodology and Hong Kong Auditing Standards;
- Ethics and Independence Policies and Procedures;
- International and Hong Kong Financial Reporting Standards;
- Relevant taxation laws which effect the determination of amounts and disclosures in audited financial statements;
- IT applications used by partners/directors and professional personnel for their employment duties and as evaluators of IT systems in the audit of financial statements; and
- Industry or product specific knowledge and understanding.

## ASSIGNMENT OF ENGAGEMENT TEAMS

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The head of each professional service line is responsible for establishing and maintaining suitable processes for the assignment of a lead partner to take responsibility for each engagement on behalf of the firm. They also ensure that the basis upon which assignments are made is reviewed regularly and that it includes the requirement that the identity and role of the engagement partner are communicated to the key members of client management and those charged with governance. The responsibilities of the engagement partner are clearly defined and communicated.

The engagement partner is responsible for ensuring that the engagement team has the appropriate expertise, ability and time to perform the engagement in accordance with professional standards and applicable local regulatory or legal requirements, to enable an appropriate report/other deliverables to be issued in the circumstances.

## ENGAGEMENT PERFORMANCE

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The head of each professional service line is responsible for ensuring each principal service line develops specific performance and documentation requirements for services provided in their service line, including the form and content of workpapers.

The engagement partner has the overall responsibility for the direction, supervision and performance of the engagement in compliance with applicable professional standards, regulatory and legal requirements and for ensuring an appropriate report is issued.

Specific responsibilities to ensure quality control include:

- Ensuring engagement team compliance with ethical and independence requirements;
- Ensuring appropriate acceptance and continuance procedures are performed and documented;
- Ensuring engagement team has appropriate competence and experience;
- Ensuring an engagement quality control reviewer (EQCR) is assigned, where required;
- Ensuring appropriate consultations take place;
- Reviewing work performed to ensure it is compliant with applicable professional standards, regulatory and legal requirements and supports the conclusion;
- Ensuring report or other deliverables are in accordance with the terms of the engagement and any specific policies applying to the type of engagement; and
- Considering whether any deficiencies arising from the monitoring and inspection process have any effect on the engagement.

## SUPERVISION AND REVIEW

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The level of supervision and review will vary with the type of engagement and composition of the team. Each principal service line is responsible for determining specific review requirements for services they provide. As a minimum, review requirements should ensure that work has been properly carried out, concluded upon and documented in accordance with any additional service line policies. In addition the review should ensure that there is a reasonable basis for the opinions, presentations or conclusions expressed in the report or other deliverables.

RSM Quality Assurance and Risk Containment Policies and Procedures require engagement quality control reviews (EQCRs) to be conducted for any engagement or a client relationship in specified circumstances which indicate an engagement or client to be of higher than normal risk. This will include engagements with regulated/listed entities, other major public interest entities and entities operating in designated high risk industries.

The purpose of an EQCR is to provide the firm with assurance, in high risk situations, that adequate work has been performed and supporting evidence obtained and properly evaluated, in support of the report or other deliverables prior to their release. It provides an objective evaluation of the significant judgements made by the engagement team, the conclusions reached in formulating the report or other deliverables and the compliance with applicable professional standards, regulatory and legal requirements.

The head of each professional service line is responsible for assigning an EQCR to an engagement. An EQCR is required to be an independent partner, or other suitably qualified person or team, who is not engaged in the performance of the engagement or the provision of other services to the client entity or group of entities. They are required to have the necessary authority, technical competence and industry sector experience to perform an independent review of the quality of the particular engagement or service provided to the client entity or group of entities to which they have been assigned. For example, an engagement quality control reviewer assigned to the audit of a listed entity should be an individual who has sufficient experience and authority to serve as an engagement partner on audits of listed entities.

## CONSULTATION

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Our professionals are expected to seek assistance from persons possessing specialised knowledge and expertise whenever they encounter situations where they lack sufficient knowledge and experience and in certain specific situations prescribed by RSM Quality Assurance and Risk Containment Policies and Procedures. The engagement partner is responsible for ensuring that the issue on which consultation was sought and the results of the consultation – including the decisions taken, the basis thereof and how those decisions were implemented – are fully documented and agreed with the persons consulted.

# MONITORING AND QUALITY CONTROL

## Global Inspection and Monitoring Programmes

In the relentless pursuit of quality, RSM International has developed both individual member firm inspection and monitoring programmes as well as RSM's global inspection and monitoring programme. Under the joint operation of these programmes, RSM International member firms are provided with the necessary information with regard to the design, implementation and operating effectiveness of their quality control practices surrounding their assurance practices as well as other service lines.

Each individual RSM International member firm is required to establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control over its assurance and other service lines are relevant, adequate, operating effectively, are aligned with RSM expectations and all professional and regulatory requirements.

RSM policies require a partner to be specifically assigned as the partner responsible for the Member Firm's Inspection Programme. These responsibilities include:

- The maintenance of policies and procedures for the inspection programme, which will meet or exceed RSM and local inspection requirements
- The overall planning of the programme including office rotation, scope, selection of inspection teams and appointment of team captains, selection of engagements for review, the development and issuance of inspection instructions, training and documentation requirements
- Overall supervision of the programme and the inspection teams
- The summarisation and communication of inspection results and conclusions
- Monitoring the implementation of corrective action plans

The partner-in-charge of Audit and Assurance is required to communicate deficiencies noted as a result of the inspection process to the relevant engagement partners and personnel, including recommendations for appropriate remedial action (which may include changes to the firm's quality control policies and procedures or disciplinary action for repeated failure to comply with firm policies). Deficiencies are also analysed to assess the need to modify future training programmes.

An inspection programme report is submitted to the RSM Global Executive Office on an annual basis commenting on the process and results of the inspection, any deficiencies identified and the remedial actions and recommendations that will be implemented to address them.


Under RSM's global inspection programme, RSM International periodically oversees and/or participates in all member firm inspection programmes on a cycle not exceeding three years. Such inspections are referred to as globally coordinated inspections. RSM globally coordinated inspections are conducted by independent qualified partners and senior personnel of other member firms under the direction of the RSM Global Executive Office and the RSM Global Leader – Quality & Risk. The RSM global inspection programme is also designed to meet the membership obligations of the Forum of Firms, of which RSM International is a member network.

The RSM Global Executive Office prepares, on behalf of TASEC, an annual summary report based on all of the member firm inspection reports for the year. This report presents the status of quality and alignment within RSM and also includes recommendations, where appropriate, for centralised network-wide actions to be taken (for example changes to RSM policies and procedures, development of training material and other support initiatives). Once approved by TASEC, this report is formally presented to the RSM Chief Executive Officer and the RSM International Board of Directors.

## External Monitoring and Inspection

External monitoring is currently conducted by the Hong Kong Institute of Certified Public Accountants (HKIPCA) pursuant to its Practice Review Programme. Pursuant to the policies and guidelines under the Practice Review Programme, a full Practice Review is conducted every three years and an interim review is run in between.

The last completed quality assurance review performed by the HKIPCA was in August 2018. The results of practice reviews are not publicly available.



Ideas and insight,  
collaboration and  
understanding

# PUBLIC INTEREST ENTITIES

Public interest entities as defined under paragraph 290.25 of Code of Ethics for Professional Accountants issued by the HKICPA are:

- (a) All listed entities; and
- (b) Any entity –
  - i. defined by regulation or legislation as a public interest entity or
  - ii. for which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Such regulation may be promulgated by any relevant regulator, including an audit regulator.

RSM Hong Kong is the auditor of the following public interest entities listed on the Hong Kong Stock Exchange or elsewhere as at 31 December 2018:

AMVIG Holdings Limited	Infinity Development Holdings Company Limited
Beautiful China Holdings Company Limited	Jian ePayment Systems Limited
Beaver Group (Holdings) Company Limited	Jutal Offshore Oil Services Limited
Beijing Beida Jade Bird Universal Sci-Tech Company Limited	Ka Shui International Holdings Limited
Bonjour Holdings Limited	Kaisun Energy Group Limited
Chanhigh Holdings Limited	K. H. Group Holdings Limited
China Biotech Services Holdings Limited	Luxey International (Holdings) Limited
China Financial Leasing Group Limited	Million Stars Holdings Limited
China Futex Holdings Limited	National Agricultural Holdings Limited
China Greenfresh Group Co., Ltd.	New Sports Group Limited
China Haisheng Juice Holdings Co., Ltd.	PICO Far East Holdings Limited
China Healthcare Enterprise Group Limited	Prosperity International Holdings (H.K.) Limited
China Public Procurement Limited	Rich Goldman Holdings Limited
China Smarter Energy Group Holdings Limited	Satu Holdings Limited
China Youzan Limited	Sheen Tai Holdings Group Company Limited
China Weaving Materials Holdings Limited	Shentong Robot Education Group Company Limited
Combine Will International Holdings Limited	Smartac Group China Holdings Limited
Core Economy Investment Group Limited	Tak Lee Machinery Holdings Limited
CT Environmental Group Limited	United Energy Group Limited
Doyen International Holdings Limited	UTS Marketing Solutions Holdings Limited
ENM Holdings Limited	Vincent Medical Holdings Limited
GET Holdings Limited	Wisdom Sports Group
GINSMS Inc.	Xin Yuan Enterprises Group Limited
Heng Tai Consumables Group Limited	Youyuan International Holdings Limited
Hengtou Securities	Zhuoxin International Holdings Limited
Imperium Group Global Holdings Limited	

Subsequent to 31 December 2018 and up to 30 April 2019, RSM Hong Kong has been appointed as the auditor of:-

eBroker Group Limited  
Global Strategic Group Limited  
Paladin Limited



# INDEPENDENCE AND ETHICS POLICIES

RSM Hong Kong maintains independence and ethics policies to provide reasonable assurance that partners and professional employees comply with the independence and ethical requirements of the following:

- Code of Ethics for Professional Accountants issued by International Ethics Standards Board for Accountants (IESBA)
- Code of Ethics for Professional Accountants issued by the HKICPA
- RSM Ethics and Independence Policies

Our Partner-in-charge of Ethics and Independence is responsible for independence, whose responsibility it is to augment these policies, as necessary, to the specific requirements of our firm to reflect additional local ethical codes or regulatory requirements, which establish higher standards than those reflected in basic independence and ethics policies. Any amendments made to the basic policies to include additional local requirements must be submitted to the RSM Global Executive Office for review and must be approved by the Global Leader – Quality & Risk. Partners or professional employees who have any questions regarding the RSM Ethics and Independence Policies are required to consult promptly with our firm's partner responsible for independence.

If the partner responsible for independence has a question regarding these policies, he should consult with the RSM Global Executive Office.

We are required to maintain a list of all clients to which the RSM Ethics and Independence Policies apply. The list is made available to all partners and professional employees. Additions and deletions to the list are made available, when they occur, to all partners and professional employees.

Partners and professional employees are required to annually complete an independence compliance questionnaire confirming that he or she:

- has read the firm's Ethics and Independence Policies;
- understands their applicability to his or her activities; and
- is, and has been for the past year, in compliance with those policies.

Any qualifications to such confirmation have to be fully explained in writing and corrective action taken.

## RELATIONSHIP AND CONFLICT OF INTEREST TRACKING

All member firms of RSM International, including RSM Hong Kong, maintain an online relationship and conflict of interest tracking tool called the Global Relationship Tracker (GRT).

This tool holds data of all Public Interest Entities (which includes listed entities) and, where necessary, private equity groups that are assurance or non-assurance clients of member firms.

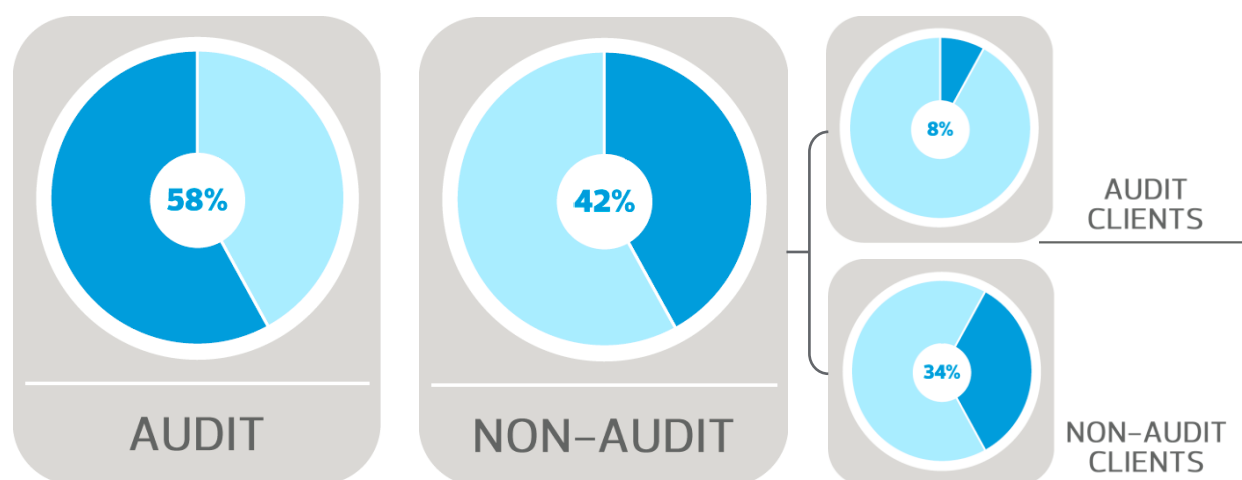
In addition, all clients (both assurance and non-assurance) that are subsidiaries of, or otherwise affiliated with Public Interest Entities and, where necessary private equity groups, regardless of whether the parent is a client, are required to be included on the GRT.

# FINANCIAL INFORMATION

As at 31 December 2018, RSM Hong Kong has 48 partners, principals and directors and around 600 staff offering a wide range of professional services which can be divided into the following broad categories:

- Audit and Assurance including assignments as reporting accountants
- Tax Compliance and Advisory services
- Corporate Advisory and Insolvency services
- Risk Advisory services
- Transaction Advisory services
- Financial Reporting Advisory services
- Technology and Management Consulting services

An analysis of our turnover for the year ended 31 December 2018 is as follows:



# REMUNERATION

The performance of partners/directors is assessed on an annual basis. Assessment criteria include technical competence and quality of professional work, client service, business development, leadership, operational excellence, people management, risk management and professional ethics and communication. The remuneration of partners/directors is determined by reference to the annual assessment.

Wong Poh Weng  
Chairman  
30 April 2019

## List of RSM International member firms and their related entities in the European Union / European Economic Area Member States that provided audit services as at 31 December 2018

Country	Legal Name
Austria	• RSM Austria Wirtschaftsprüfung GmbH
Belgium	• RSM Belgium • RSM InterAudit cvba • RSM reviseurs d'entreprises – bedrijfsrevisoren bvba
Bulgaria	• RSM BG Ltd.
Croatia	• RSM Croatia d.o.o.
Cyprus	• RSM Cyprus Limited
Denmark	• Beierholm, Statsautoriseret Revisionspartnerselskab
Finland	• RSM Finland Oy
France	• C4 Conseil • Corevise SAS • Expertise & Audit SA • Fidinter SAS • RSM Beaujolais Val de Saône SARL • RSM Est • RSM France • RSM Mediterranee • RSM Ouest • RSM Paris • RSM Pays de Savoie SARL • RSM Rhône Alpes • SAS SOFIRA AUDIT • SYC SAS
Germany	• RSM GmbH, Duesseldorf, Germany
Greece	• RSM Greece Certified Auditors and Management Consultants SA
Hungary	• RSM Audit Hungary Zrt.

## List of RSM International member firms and their related entities in the European Union / European Economic Area Member States that provided audit services as at 31 December 2018

Country	Legal Name
Ireland	<ul style="list-style-type: none"> <li>• RSM Ireland</li> <li>• RSM Ireland Business Advisory Limited</li> </ul>
Italy	<ul style="list-style-type: none"> <li>• RSM Società di Revisione e Organizzazione Contabile S.p.A.</li> </ul>
Luxembourg	<ul style="list-style-type: none"> <li>• RSM Audit Luxembourg, societe a responsabilite limitee</li> </ul>
Malta	<ul style="list-style-type: none"> <li>• RSM Malta</li> </ul>
Netherlands	<ul style="list-style-type: none"> <li>• RSM Nederland Audit N.V.</li> <li>• RSM Netherlands Accountants N.V.</li> <li>• RSM Netherlands Audit B.V.</li> <li>• RSM Netherlands Holding N.V.</li> <li>• RSM Rotterdam Accountants</li> </ul>
Norway	<ul style="list-style-type: none"> <li>• RSM Norge AS</li> <li>• RSM Rogaland AS</li> </ul>
Poland	<ul style="list-style-type: none"> <li>• RSM Poland Audyt S.A.</li> <li>• RSM Poland Fiscal Representation Sp. z o. o.</li> <li>• RSM Poland Sp. z o.o.</li> <li>• RSM Poland Spółka Doradztwa Podatkowego S.A</li> </ul>
Portugal	<ul style="list-style-type: none"> <li>• RSM &amp; Associados, SROC, Lda.</li> <li>• RSM Audiconsulte – Consultoria, Lda.</li> </ul>
Romania	<ul style="list-style-type: none"> <li>• RSM Romania SRL</li> </ul>
Sweden	<ul style="list-style-type: none"> <li>• RSM Göteborg KB</li> <li>• RSM Stockholm AB</li> </ul>
United Kingdom	<ul style="list-style-type: none"> <li>• RSM Northern Ireland (UK) Limited</li> <li>• RSM UK Audit LLP</li> </ul>

# RSM HONG KONG LEADERS

as at 30 April 2019

## CHAIRMAN

Wong Poh Weng

## MANAGING PARTNERS

Stephen Wong  
Eugene Liu

## AUDIT AND ASSURANCE

### PARTNERS

Bertha Liu  
Chris Wong  
Cora Lee  
Desmond Chiu  
Eliza Ng  
Eugene Liu  
Maria Tsang  
Ringo Chan  
Ronald Yam  
Sharon Chu  
Stephen Wong  
Thomas Tam  
Wong Poh Weng

### PRINCIPALS

Ada Poon  
Calvin Au Yeung  
Carl Yu  
Dennis Mok  
Gabriel Yuen  
Lester Kwong  
Mandy Tang  
Panda Kwok  
Raymond Kwan  
Robin Szeto  
Samson Wan  
Sandra To  
Winnie Leung

## TAXATION

### PARTNERS

Eric Chen  
Lilian Poon  
Patrick Ho  
Samuel Chan

### DIRECTORS

Alan Chow  
Caesar Wong  
Catherine Tsang  
Chan Ka Ho  
Joanna Lee

## CONSULTING

### PARTNERS

Aron Leung  
Eugene Liu  
Gary Stevenson

### DIRECTORS

Brenda Tung  
Eric Lee  
Joe Yan  
Maggie Lee

## CORPORATE ADVISORY

### PARTNERS

Johnathan Lai  
Kenny Wong  
Osman Arab

### DIRECTORS

Ian Pearson  
Kate Tang

## TECHNOLOGY

### PARTNER

Jason Yau

### DIRECTOR

Alex Lee

## TECHNICAL

### HEAD

Colin Chau

### PARTNER

Gary Stevenson



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**[rsm.global/hongkong](https://rsm.global/hongkong)**

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Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ.

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