

RSM and The Transformation Era

2021 | RSM Hong Kong Transparency Report

APRIL 2022



THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING





Anticipating
challenges,
identifying
opportunities.

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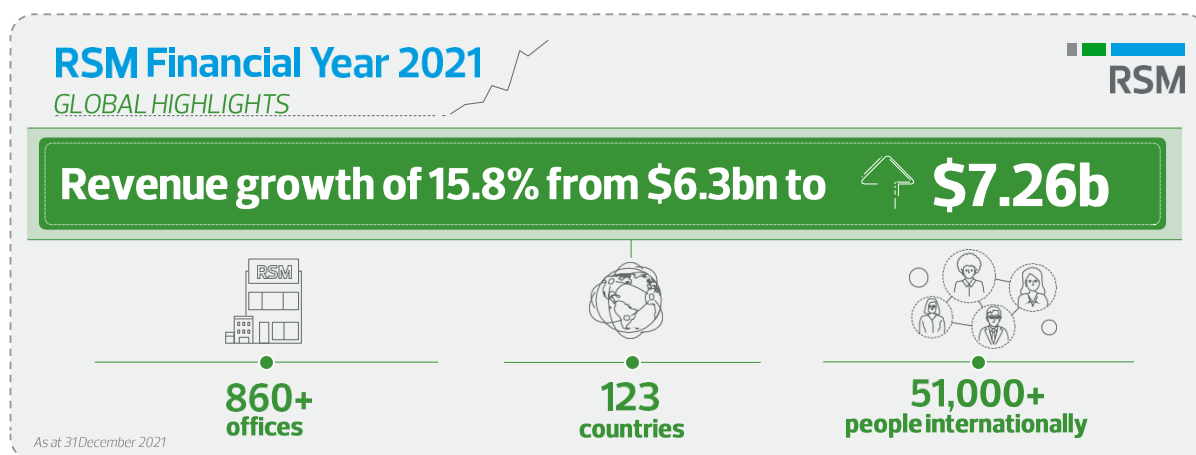
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The RSM Network

RSM Hong Kong is a member of the RSM network. RSM is the brand name used by Members of the RSM international network of independent professional services firms.

Member Firms of RSM are all separate legal entities practising in their own right. The network is not itself a separate legal entity in any jurisdiction and membership of the network does not make any firm responsible for the services provided by other Member Firms.

RSM International Limited is a private company limited by guarantee. It is the network umbrella company and does not provide any services to clients.



RSM Member Firms are driven by a common vision of providing high quality professional services both in their domestic market and in serving the international professional service needs of their client base.

The RSM network connects Member Firms through common methods and processes, including universally agreed and applied quality standards. These connections enable RSM Member Firm partners and staff to provide consistently high standards of service and advice to clients – everywhere in the world.

RSM International and all RSM Member Firms consider strong data and information security to be paramount in ensuring that client and employee data is always protected.

To deliver a strong and consistent information security management system, RSM has adopted the internationally recognised ISO 27001 information security standard. RSM Member Firms are working on achieving the ISO 27001 certification to demonstrate to clients that they have in place robust policies and controls that help to maintain the confidentiality, availability and integrity of all client and employee data.

As at 31 December 2021, RSM has Members and Correspondents in over 120 countries, with over 860 offices, more than 51,000 staff and combined revenues in excess of US\$7.26 billion (including the US and Canada Alliances), of which, approximately US\$2.6 billion was derived from audit services.

For the year ended 31 December 2021, RSM Member Firms from the European Union/European Economic Area Member States generated total turnover related to the audit services of approximately US\$192.6 million.

A list of RSM network audit firms in European Union/European Economic Area Member States as at 31 December 2021 can be found on page 25.

Membership of the Forum of Firms

RSM International is a member of the Forum of Firms, an association of international networks of accounting firms that perform transnational audits. RSM 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 and standards with the International Standards on Auditing. Marion Hannon, RSM's Global Leader for Quality & Risk, currently represents RSM as a member of the Forum of Firms' Transnational Auditors Committee.

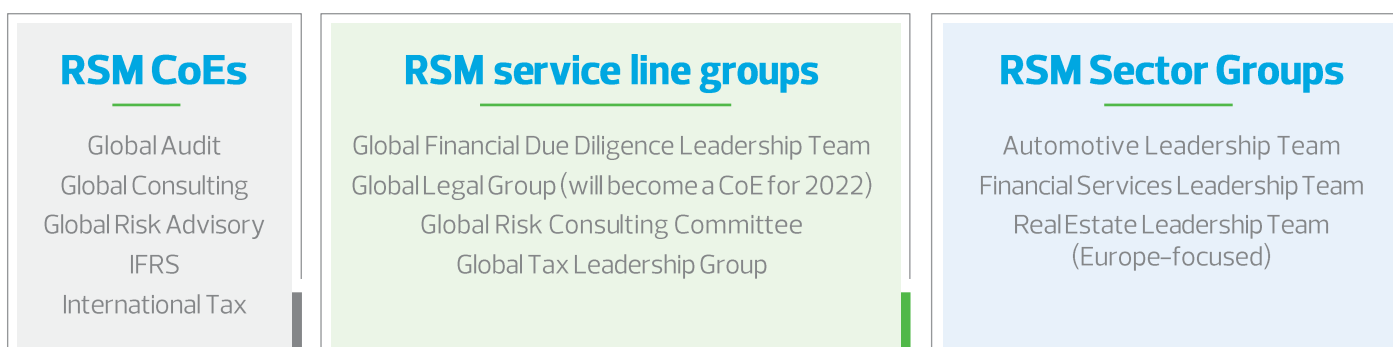
RSM Centres of Excellence and leadership groups

RSM Centres of Excellence (CoE), service line groups and sector groups

CoEs, service line and sector groups serve to enhance Member Firm core competencies in services delivered to clients and play a critical role in RSM's international business development efforts. The groups are resourced by professionals from various Member Firms who aim to establish common practices, facilitate seamless regional delivery and align RSM's resources.

CoEs are particularly focused on building and developing capabilities and as such improving the quality of services internationally. Global Audit and Global Consulting CoEs were established in February 2021.

The purpose of service line groups is to promote consistent services, share best practices and to explore ways in which RSM's collective expertise can be used. Sector groups seek to ensure engagement teams across Member Firms understand the implications of sector issues that impact clients and apply deep expertise whether it be through delivering audit, tax or consulting services.




Other relevant groups

- The Global Digital Advisory Committee (GDAC) acted in an advisory capacity to the GEO, providing impetus to digital activities and aligning strategic technology initiatives with Network and Member Firm needs. GDAC also played a key role in the deploying new technologies to enhance the quality of services delivered. This group was closed in October 2021 and replaced by RSM's 'Digital Visionaries'.
- The Global Strategy Taskforce conducts research and leads projects that inform recommendations to the RSM International Limited Board of Directors with regard to the strategy of the Network.
- The Global Innovation Group comprises national innovation leaders who collaborate on innovations to enhance service quality and introduce new products and services. This group is supported by an innovation platform that helps identify and exchange innovations within and between Member Firms.

RSM's people and culture


The Power of Being Understood

RSM's purpose, centred around The Power of Being Understood, is all about confidence. When clients work with RSM, they are working with professionals who will take the time to truly understand them, who will bring tailored ideas and insight to their environment and who are committed to helping them make confident decisions about their future. RSM's vision is 'to be considered the adviser of choice to middle market leaders globally'. As a set of principles towards realising this vision, RSM has three distinguishing beliefs:



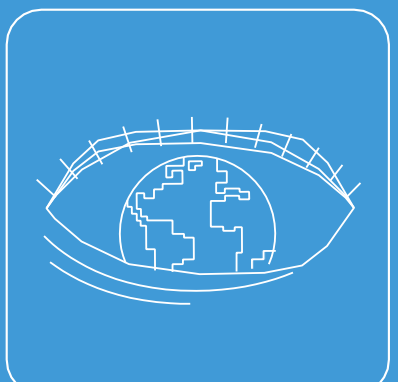
Collaboration

Building strong, collaborative and lasting relationships with all our clients; being accessible, responsive and adaptive.



Understanding

Gaining a deep understanding of our clients' needs, strategies and aspirations and striving to be an essential part of their business environment.



Ideas and insight

Ensuring every client benefits from tailored thinking and the insight of our professionals locally and globally.

This is underpinned with the following values:



RESPECT

Treat others as we would like to be treated



INTEGRITY

Do the right thing



TEAMWORK

Work together effectively



EXCELLENCE

Be the best in everything we do



STEWARDSHIP

Better our network, members and our people

Diversity and inclusion

'People' is a primary element of RSM's global strategy. By putting all 51,000 RSM people first, the organisation creates an environment that is positive, encouraging, and inclusive, centred around continuous professional and personal development, where talent of all types is identified, developed and valued. This is brought to life externally through the use of natural portraiture as part of the RSM brand, which are bespoke photographs of a diverse selection of RSM professionals from around the world.

RSM employs a Global Leader for Diversity and Inclusion as part of the Global Executive Office Team.

This individual is responsible for developing relevant tools, training materials and other resources. These initiatives are designed to assist RSM Member Firms in achieving the individual and business benefits related to successful diversity and inclusion strategies, as well as the attraction, development, and retention of people with a variety of qualifications, cultures and opinions that are essential to excellence in high performing teams.

In recent years, RSM has introduced several successful people initiatives, including the RSM Academy, Next Generation Leaders and Forward Sprint programmes, which are specifically designed to nurture young talent and fresh thinking with an emphasis on every voice and idea being heard. In 2021, the quarterly RSM Women in Leadership Summit, which is open for attendance by all RSM people, was launched to encourage and support RSM women, from new joiners to partners, as they progress through their careers.

Through a calendar of global and regional events and programmes, the Network encourages collaboration and fosters deep relationships with its people across the world. In building personal and professional networks within RSM, people are encouraged to collaborate, to support one another and to celebrate individual and shared success. At RSM, inclusion and a sense of belonging are valued as being necessary for growth, creativity, innovation, high performance and job satisfaction. This is fundamental to empowering RSM professionals to perform as first choice advisers, and in their provision of high-quality services.

Learning and development

Facilitating widespread access to training, development, insight and best practice is a core purpose of the RSM Network. RSM's global learning management system plays a key role in achieving this. Launched in 2020, this system is available in Arabic, Chinese, English, French, Portuguese, Russian and Spanish. The courses and modules, many of which are available in multiple languages, include learning around:

Technical, software and procedural service line training

Business development and marketing

Ethics and independence and quality management

Data and technology management

Business software and systems

Leadership and management skills

Learning and development is also fundamental to the planning of RSM's regional and world conferences, in-person/virtual training programmes, global projects, and the role of RSM's Centre of Excellence structures.

Member expectations

RSM operates under a 'contributed hours' model. This means that RSM Member Firms, depending on their size, are expected to provide a certain number of hours each year for initiatives that have a benefit beyond their geographic region. Hours can be contributed towards activities such as training, due diligences, inspections, producing articles or content for publication, or for Centres of Excellence. Asking Member Firms to contribute their time to the Network means Member Firms are committed to the success of RSM and the success of each other, while at the same time raising the profile of individual employees who contribute to these areas. It also provides an opportunity for people to be exposed to global projects and multi-cultural teams.

RSM sets expectations for Member Firms to ensure that there are consistently high standards of performance and capability throughout RSM. These expectations describe how RSM conducts itself in professional dealings and how Member Firms connect with each other and with their clients. This is not a set of rules, but rather, a set of benchmarks to align all Members of the RSM international Network behind a common vision to achieve RSM's global strategic objectives. Member Firms agree to specific requirements in their Membership Agreement regarding expected Member behaviours, but RSM also encourages its Member Firms to maintain their own personality, relevant to their local cultures, while still serving the needs of the Network and their clients at the highest level.

Legal structure and ownership

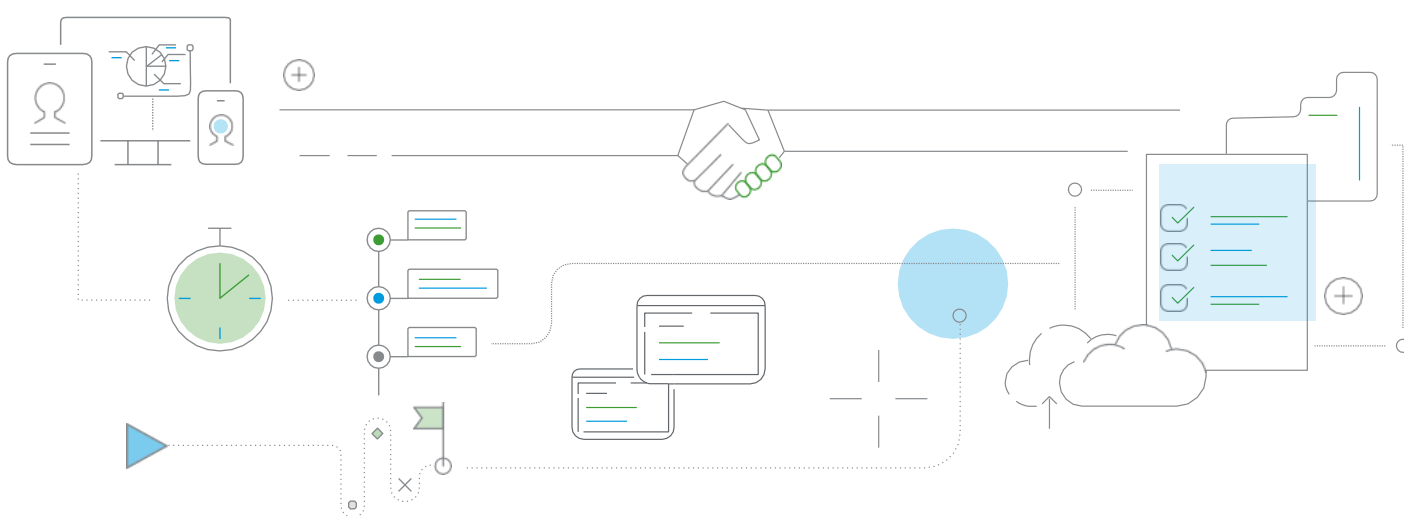
RSM Hong Kong, a partnership of certified public accountants formed in Hong Kong in 1975, is registered with the Hong Kong Institute of Certified Public Accountants (HKICPA) and is owned by its equity partners.

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

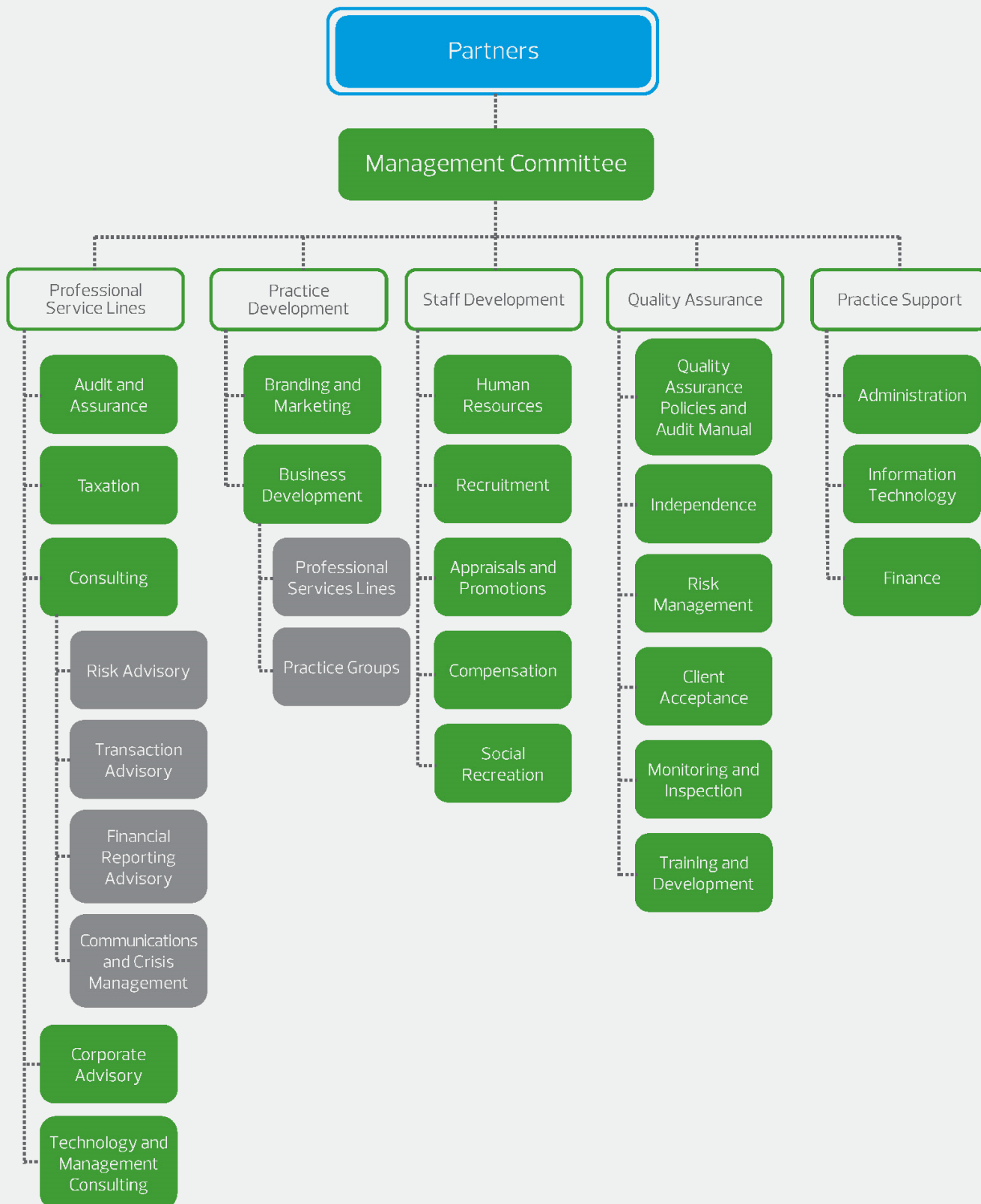
- RSM Tax Advisory (Hong Kong) Limited
- RSM Consulting (Hong Kong) Limited
- RSM Corporate Advisory (Hong Kong) Limited
- RSM Capital (Hong Kong) Limited
- RSM Technology (Hong Kong) Limited

RSM Hong Kong is one of the leading accounting and consulting firms in Hong Kong with over 450 personnel 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 an attractive and effective organisation.



RSM HONG KONG GOVERNANCE STRUCTURE



Management Committee

The Management Committee currently comprises four 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 monitoring operations. The Management Committee is assisted by various service and administrative departments and department heads in executing our strategies and administering the day-to-day operations. The Management Committee, which is appointed by the partners, comprises 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.

Non-Executive Chairman and Managing Partners



WONG POH WENG | Non-Executive Chairman

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.

Poh Weng is also a member of the RSM International Board of Directors, the chairman of RSM International Audit Committee and a member of RSM International Nomination Committee. In addition, he is the chairman of the RSM Asia Pacific Council.

On 1 January 2022, Poh Weng retired as Chairman and now acts as the Firm's Non-Executive Chairman.



STEPHEN WONG | Managing Partner

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. In addition, he is a member of the Global Quality Committee (GQC) of RSM International. GQC oversees all technical and inspection matters in the RSM network and is also responsible for the development and maintenance of the RSM Assurance Methodology.

He 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. His responsibilities include ensuring that the firm's quality assurance policies are communicated to all the firm's partners and professional staff by dissemination with appropriate briefing memoranda or through training seminars and meetings. The communication includes a message that each individual has a personal responsibility for quality and is expected to comply with the firm's policies and procedures in carrying out their work. He also has the overall responsibility for the resolution of quality assurance matters within the firm.



EUGENE LIU | Managing Partner

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 the Head of Audit, 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 and Independence, 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/related 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/related 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 the RSM Global Executive Office; 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 the Head 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 the Head of Practice Development, Eugene also heads the Consulting Division and Capital Market Group.

GARY STEVENSON | PARTNER RESPONSIBLE FOR 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 developing and delivering CPD programmes.

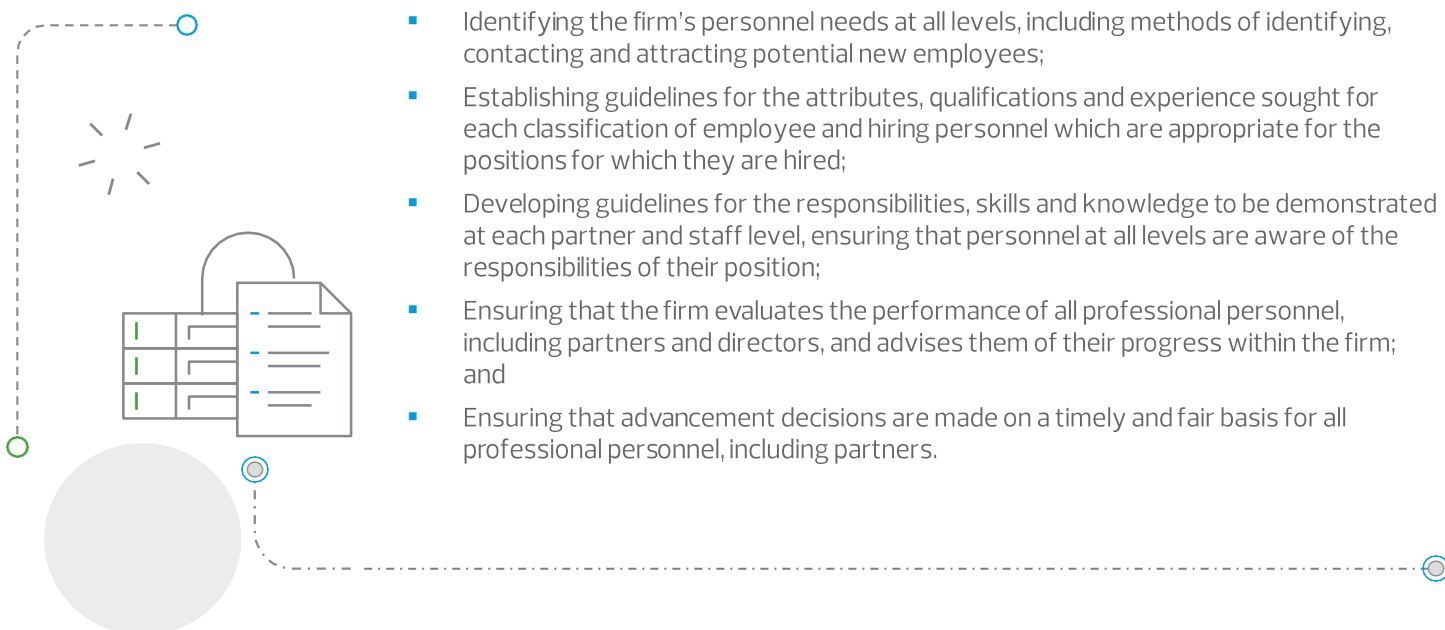
Being the Partner Responsible for CPD, his responsibilities include:

- 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 and which all staff have access to.

CHRIS WONG | HEAD OF PERSONNEL

Chris Wong obtained a Bachelor of Arts (Honors) from The University of Hong Kong. He joined RSM Hong Kong from Ernst & Young as a Senior 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 the Head of Personnel 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.



GARY STEVENSON | HEAD OF ETHICS AND INDEPENDENCE

As the Head 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 changes thereto;
- Signing-off the annual Global Relationship Tracker Completeness and Accuracy Report to be submitted to the Global Leader – Quality and Risk at the RSM Global Executive Office; and
- Coordinating and completion of the annual Independence Confirmation.

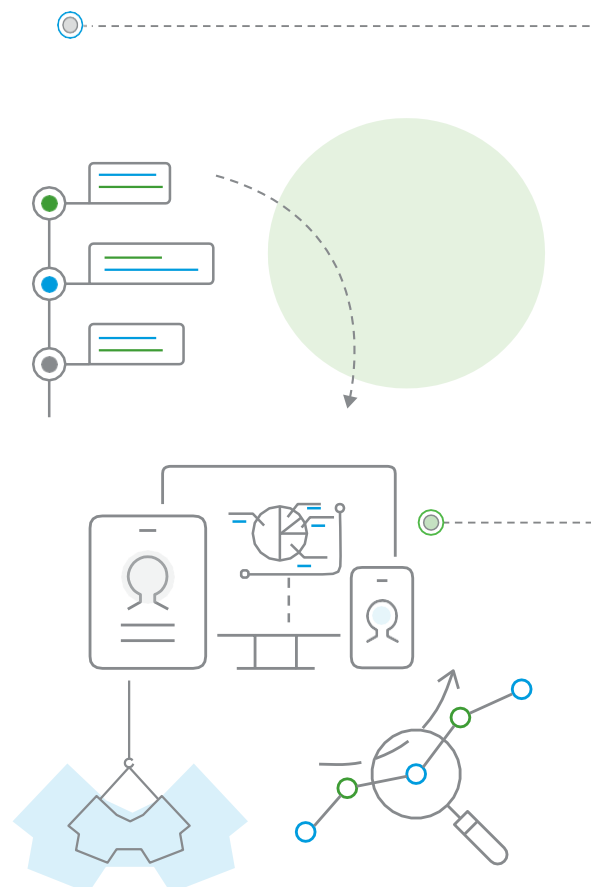
COLIN CHAU | HEAD OF TECHNICAL

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.



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.

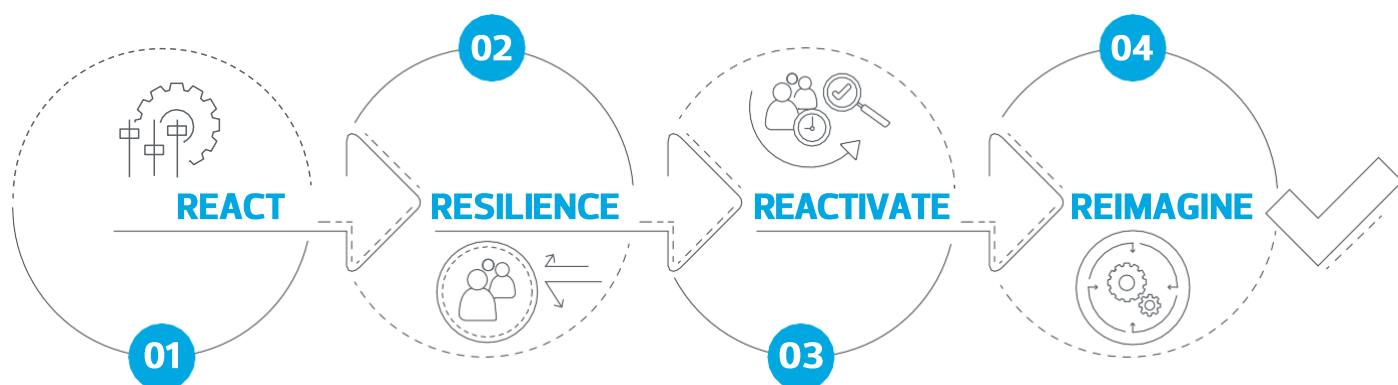
The Management Committee has the responsibility for the establishment, maintenance and monitoring of the firm's internal quality control systems which include the following elements:

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

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.



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 SentroWeb-DJ 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 the firm's Client Acceptance Committee.

Assignment of engagement teams

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

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

The level of supervision and review will vary with the type of engagement and composition of the team. Each 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 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

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 RSM Member Firm monitoring programmes

Each individual RSM 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 professional services practices are relevant, adequate, operating effectively, and are aligned with RSM expectations and all applicable requirements established by the International Federation of Accountants (IFAC) standard-setting boards including:

- International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Statements, and Other Assurance and Related Services Engagements
- International Standard on Auditing (ISA) 220, Quality Control for an Audit of Financial Statements
- IESBA International Code of Ethics for Professional Accountants (including International Independence Standards)

Further objectives of an RSM Member Firm's inspection programme are to provide an evaluation of:

- The extent of the Firm's alignment with RSM policies and procedures
- The Firm's adherence to local/national professional standards and applicable local/national legal and regulatory requirements
- Whether the Firm's quality control system has been appropriately designed and implemented, so that reports that are issued by the Firm or engagement partners are appropriate in the circumstances
- Areas where further actions are needed by either the Firm or RSM in order to take corrective actions or make improvements to the Firm's quality control system

A distinct benefit of the inspection process is that it provides the opportunity to identify areas for improvement in engagement management and client service production and delivery systems. Under RSM's global inspection programme, an inspection team comprised of partners and staff from other Member Firms periodically performs an inspection at Member Firms on a cycle not exceeding three years.

RSM global inspections are conducted by independent qualified partners and senior personnel of other Member Firms under the direction of Global Executive Office personnel and the Global Leader, Quality & Risk. The RSM global inspection programme is also designed to meet the membership obligations of the Forum of Firms. The RSM International Board has the authority to impose sanctions on a Member Firm to ensure compliance with professional requirements and RSM methodologies, policies and procedures.

External monitoring and inspection

External monitoring is conducted by the Hong Kong Institute of Certified Public Accountants (HKIPCA) and the Financial Reporting Council (FRC) pursuant to their Practice Review Programmes. The practice reviews are conducted on a cyclical basis in accordance with the policies and guidelines under the two organisations' Practice Review Programmes.

The last completed quality assurance review visit was performed by the FRC in November 2021. The results of practice reviews are not publicly available.

Human resources

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 ten 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.

"Success is achieved not just by a set of human resources processes, but by placing people's creativity at the heart of an organisation's ambition."

Training and continuing professional development (CPD)

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 Responsible for 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.



RSM Orb

Quality is a fundamental cornerstone for RSM and, in order to support Member Firms in performing high quality audits, the Global Executive Office developed RSM Orb, RSM's risk-based audit solution. It is comprised of four elements:

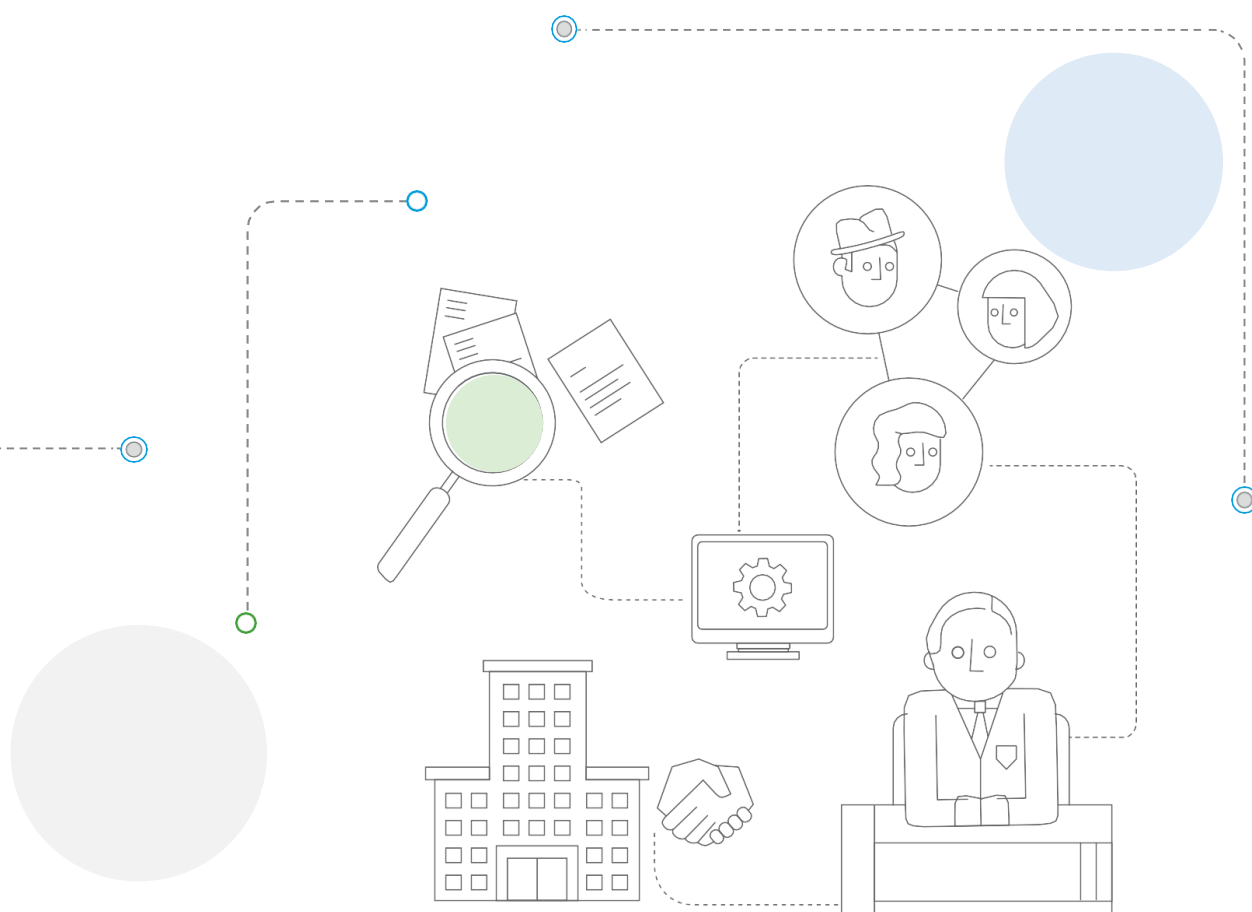
- Proprietary Global Audit Methodology
- Global Audit Manual
- RSM template housed in licensed software
- Guidance

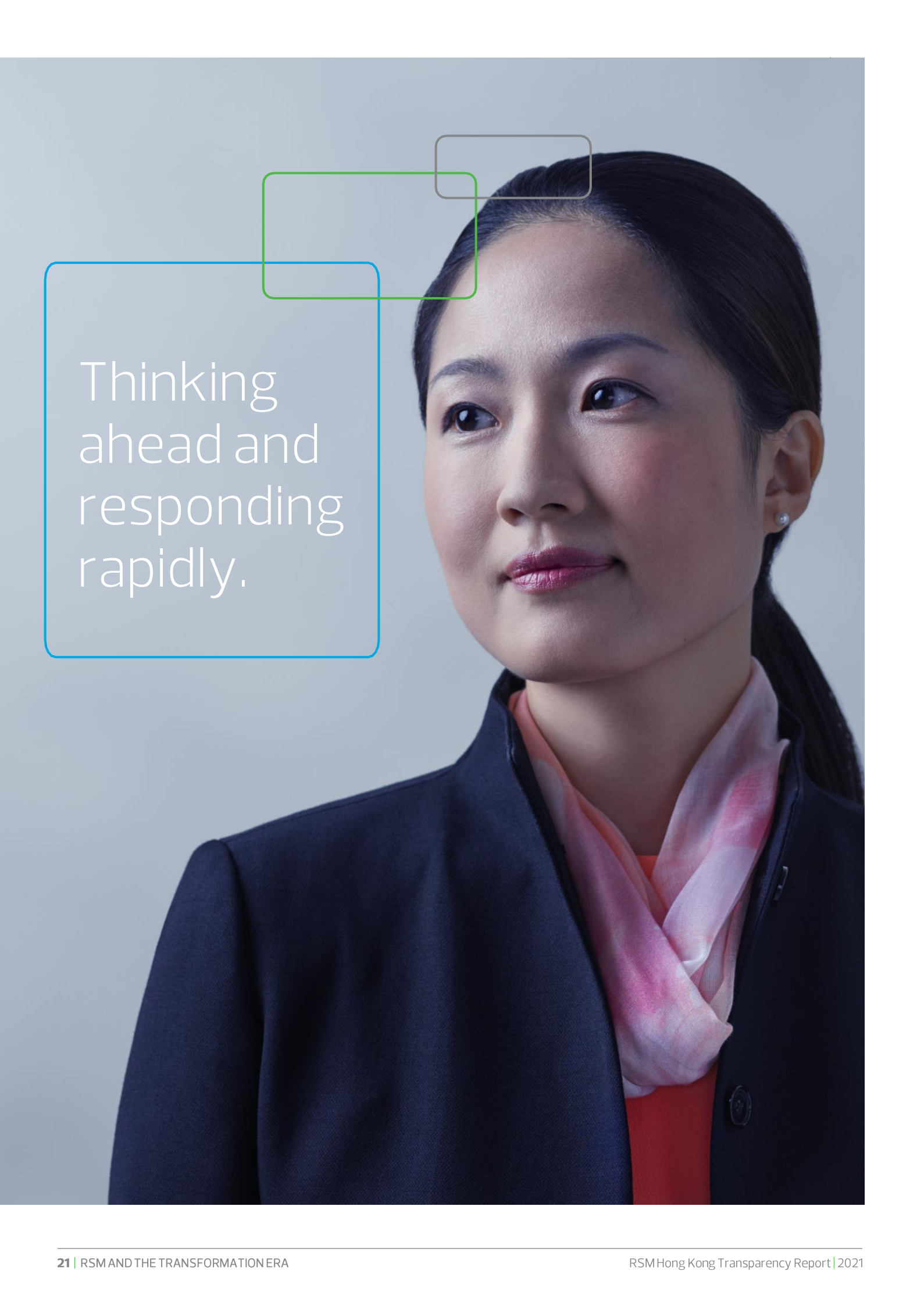
In accordance with RSM's strategy to achieve common methods and processes across the Network, RSM Orb is required to be used by all Member Firms for all audits. To assist local implementation, RSM Orb is available in Chinese, English, French, German, Russian and Spanish.

RSM Orb includes requirements for engagement quality control reviews and mandatory consultations with a Member Firm's Head of Audit, Head of Ethics and Independence (or their designees) or another suitably qualified partner, as appropriate. RSM Orb complies with the requirements of the following:

- International Standard 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 Orb can be tailored to include additional requirements arising from local laws and regulations in each jurisdiction.





Thinking
ahead and
responding
rapidly.

Public interest entities

Public interest entities, as defined in the Glossary of the 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 2021:

Arts Optical International Holdings Limited	Ka Shui International Holdings Limited
Beautiful China Holdings Company Limited *	Kaisun Holdings Limited
Beaver Group (Holding) Company Limited	Kelfred Holdings Limited
Bonjour Holdings Limited	KuangChi Science Limited
CDW Holding Limited	Matrix Holdings Limited
Chanhigh Holdings Limited	Natural Beauty Bio-Technology Limited
China Carbon Neutral Development Group Limited *	Paladin Limited
China Biotech Services Holdings Limited	PICO Far East Holdings Limited
China Engeneer International (Holdings) Limited	Prosperity International Holdings (H.K.) Limited
China Financial Leasing Group Limited	Raymond Industrial Limited
China Haisheng Juice Holdings Co., Ltd.	Rich Goldman Holdings Limited
China Internet Investment Finance Holdings Limited	Risecomm Group Holdings Limited
China Medical & HealthCare Group Limited	Samson Paper Holdings Limited
China Weaving Materials Holdings Limited	Satu Holdings Limited
China Youzan Limited	Sheen Tai Holdings Group Company Limited
Combine Will International Holdings Limited	Shentong Robot Education Group Company Limited
Daohe Global Group Limited	Shuang Yun Holdings Limited
ENM Holdings Limited	Smartac International Holdings Limited
Finsoft Financial Investment Holdings Limited	Stelux Holdings International Limited
GET Holdings Limited	Tak Lee Machinery Holdings Limited
GINSMS Inc.	Sky Light Holdings Limited
Global New Material International Holdings Limited	United Energy Group Limited
Global Strategic Group Limited	UTS Marketing Solutions Holdings Limited
G-Vision International (Holdings) Limited *	Vincent Medical Holdings Limited
Heng Tai Consumables Group Limited	Vision Fame International Holding Limited
Hephaestus Holdings Limited	Wah Wo Holdings Group Limited
HKE Holdings Limited	Xin Yuan Enterprises Group Limited
Hong Kong Johnson Holdings Co., Ltd.	YesAsia Holdings Limited
Imperium Group Global Holdings Limited	Zhaobanji Properties Holdings Limited *
Infinity Development Holdings Company Limited	Zhonghua Gas Holdings Limited
Jutal Offshore Oil Services Limited	

* Resigned subsequent to 31 December 2021

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:

- International Code of Ethics for Professional Accountants (including International Independence Standards) 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 Head of Ethics and Independence is responsible for independence, whose responsibility 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 the minimum independence and ethics policies. Any amendments made to the basic policies to include additional local requirements must be submitted to the Global Executive Office for review. Partners or professional employees who have any questions regarding the RSM Ethics and Independence Policies are required to consult promptly with the Head of Ethics and Independence.

If Head of Ethics and Independence has a question regarding these policies, he consults with the 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.

All key audit partners involved in audits of public interest entities are rotated off the engagements in accordance with the laws and other relevant regulations.



For 2021, RSM maintained an online independence, relationship and conflict of interest tracking tool called the Global Relationship Tracker (GRT). RSM InTrust, RSM's new integrated global independence, entity management and service authorisation system, will launch in 2022 to replace the GRT. Member Firms will be required to use RSM InTrust to list assurance or non-assurance clients in the following categories:

- Public interest entities, including listed entities
- Private equity groups or funds
- Private entities with ownership or affiliates located in another jurisdiction or country

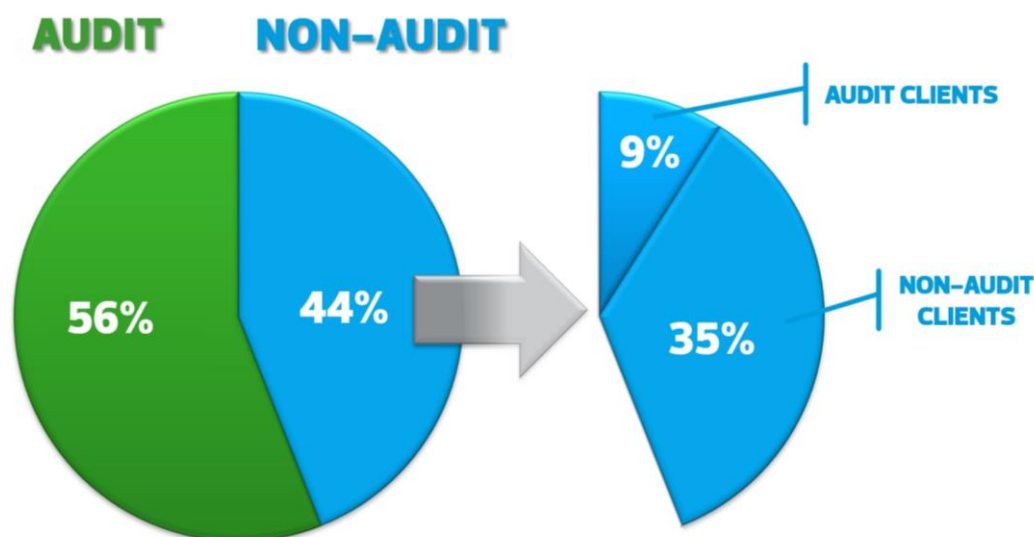
Additionally, all clients that are "affiliates" of groups meeting the above criteria will be required to be included in RSM InTrust.

Financial information

As of 31 December 2021, RSM Hong Kong, with over 450 personnel, offered a wide range of professional services divided into the following broad categories:

- Audit and Assurance, including assignments such 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 2021 is as follows:



Remuneration

The performance of partners/principals/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/principals/directors is determined by reference to the annual assessment.

Stephen Wong

Managing Partner
29 April 2022

European Union – RSM Member Firms that provide audit services

Country	Legal entity name
Austria	RSM RSM Austria Wirtschaftsprüfung GmbH
Belgium	RSM Belgium RSM reviseurs d'entreprises – bedrijfsrevisoren bvba RSM InterAudit CVBA
Bulgaria	RSM BG Ltd.
Croatia	RSM Croatia d.o.o.
Cyprus	RSM Cyprus Limited
Denmark	RSM Danmark Statsautoriseret Revisionspartnerselskab
France	Alain Martin & Associates SARL RSM Beaujolais Val de Saône RSM EST RSM France RSM Grenoble Dauphine RSM Mediterranee RSM Oi Audit RSM Ouest RSM Ouest Audit RSM Paris RSM Pays de Savoie RSM Rhône-Alpes
Germany	RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Country	Legal entity name
Greece	RSM Greece Certified Auditors and Management Consultants SA
Hungary	RSM Audit Hungary Zrt.
Ireland	RSM Ireland Business Advisory Limited
Italy	RSM Società di Revisione e Organizzazione Contabile S.p.A.
Luxembourg	RSM Audit Luxembourg, société à responsabilité limitée
Malta	RSM Malta
Netherlands	RSM Netherlands Accountants N.V. RSM Netherlands Audit B.V. RSM Netherlands Holding N.V.
Norway	RSM Norge AS
Poland	RSM Poland Spółka z ograniczoną odpowiedzialnością spółka komandytowa (RSM Poland sp. z o.o. sp. k.) RSM Poland Sp. z o.o.
Portugal	RSM & Associados – Sroc, Lda
Romania	RSM Romania SRL
Spain	RSM Spain Auditores, SLP RSM Andorra Auditors i Assessors, SL
Sweden	RSM Göteborg KB RSM Stockholm AB



RSM Hong Kong professional services line heads

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 line departments are:



RSM Hong Kong leaders - as at 29 April 2022

NON-EXECUTIVE CHAIRMAN

Wong Poh Weng

MANAGING PARTNERS

Stephen Wong
Eugene Liu

AUDIT AND ASSURANCE

PARTNERS

Bertha Liu
Calvin Au Yeung
Carl Yu
Chris Wong
Cora Lee
Dennis Mok
Desmond Chiu
Eliza Ng
Eugene Liu
Maria Tsang
Robin Szeto
Ronald Yam
Sharon Chu
Stephen Wong
Winnie Leung
Wong Poh Weng

PRINCIPALS

Ada Poon
Alvin Fung
Gabriel Yuen
Jane Yau
Kaori Yoshida
Lester Kwong
Lucy Ho
Mandy Tang
Raymond Kwan
Samson Wan

CONSULTING

PARTNERS

Eugene Liu
Gary Stevenson

DIRECTORS

Brenda Tung
Candy Kwok
Eric Lee
Joe Yan
Karen Lee
Noah Wong

CORPORATE ADVISORY

PARTNERS

Johnathan Lai
Kenny Wong
Osman Arab

DIRECTORS

Ian Pearson
Ian Tan
Kate Tang

TAXATION

PARTNERS

Eric Chen
Lilian Poon
Patrick Ho
Samuel Chan

DIRECTORS

Alan Chow
Caesar Wong
Catherine Tsang
Catherine Wong
Joanna Lee
Shirley Lo

TECHNOLOGY

PARTNER

Jason Yau

DIRECTOR

Nicholas To

TECHNICAL

HEAD

Colin Chau

PARTNER

Gary Stevenson

"As a global organisation, we are accelerating our own transformation agenda, while playing an active role in supporting our clients to transform. We are proactively building on our agility and resilience by putting in place new technologies to deepen our dedication to quality and trust, evolving our brand and purpose, exploring new services while developing our existing offering, and empowering our people all towards delivering an exceptional client experience."

Jean Stephens CEO, RSM International

RSM Hong Kong

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F: +852 2598 7230

E: contactus@rsmhk.com

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

RSM Hong Kong is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

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.

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