

Transparency Report 2022



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RSM Hong Kong key statistics as at 31 December 2022



Around
600 Staff

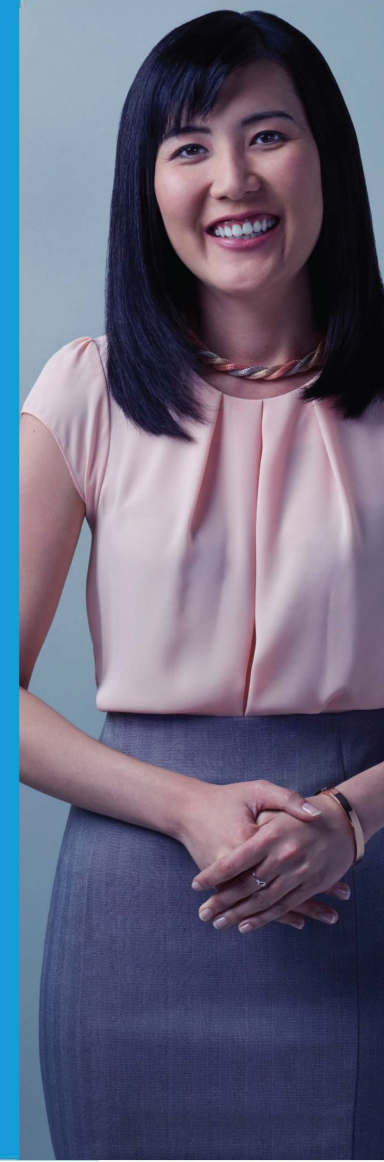


51
Partners,
Principals and Directors*



60
Listed Audit Clients

* Included Partners, Principals and Directors of professional service lines only



RSM Hong Kong and the RSM Network

RSM Hong Kong

RSM Hong Kong was established in 1975 and is today one of the leading accounting and consulting firms in Hong Kong, offering a wide range of services to local, mainland China and international clients. Our services include Audit and Assurance, Taxation, Risk Advisory, Technology and Management Consulting, Transaction Advisory, Corporate Advisory and Financial Reporting Advisory.

RSM Hong Kong has approximately 600 staff in Hong Kong and enjoys a client list comprising successful individuals and companies of all sizes, with different needs and from all parts of the world, all with the common aim of participating in the economic growth of the Asia Pacific Region.

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 management standards and procedures. 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 Hong Kong has achieved certification to the internationally recognised ISO 27001 information security standard. All other RSM Member Firms are working to achieve 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 of 31 December 2022, RSM has Members and Correspondents in 120 countries, with 830 offices, 57,000 staff and global revenues in excess of US\$8 billion, of which, approximately US\$2.7 billion was derived from audit services.

For the year ended 31 December 2022, RSM Member Firms from the European Union/European Economic Area Member States generated total turnover related to audit services of approximately US\$224.4 million.

A list of RSM network audit firms in the European Union/European Economic Area Member States as at 31 December 2022 can be found on page 31.



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 standards with the International Standards on Auditing. Marion Hannon, RSM's Global Leader for Quality & Risk, currently represents RSM as a member of the IFAC Transnational Auditors Committee (TAC). The TAC is broadly responsible for implementing and advancing the Forum's objectives and operations and serves as the official link between IFAC and the Forum of Firms.

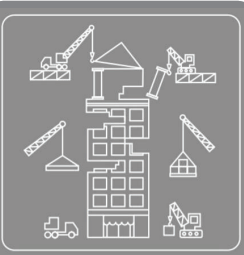


RSM Hong Kong's people and culture

The Power of Being Understood


RSM Hong Kong's purpose, centred around The Power of Being Understood, is all about confidence. When clients work with RSM Hong Kong, 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 Hong Kong's vision is 'to be the provider of choice to entrepreneurial growth-focused organisations who are looking for audit, accounting, tax, advisory and specialist consulting services that will create lasting success and help them reach their goals. As part of the RSM network, RSM Hong Kong also shares a common vision 'to be the advisor of choice to middle market leaders globally'.

As a set of principles towards realising this vision, RSM Hong Kong has three distinguishing beliefs:



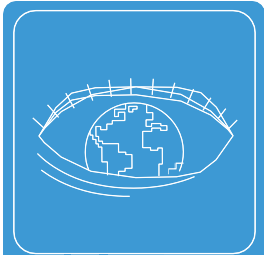
Collaboration

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.

To work toward our vision, RSM Hong Kong also applies four critical success factors that are known as the "Four Cornerstones" locally. All activities within RSM Hong Kong serve the development of at least one of these cornerstones. This ensures focus and clarity in all services provided by our firm.

QUALITY

PEOPLE

BUSINESS DEVELOPMENT

BRAND

It is the absolute cornerstone for RSM Hong Kong

High quality professionals are required to ensure high quality service

It is vital to work together to strengthen our client relationships

A strong, internationally recognised brand is critical to our success

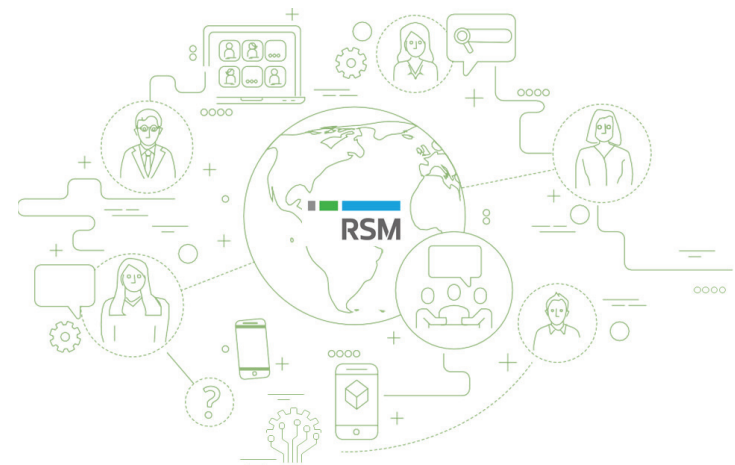
Learning and development

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 supporting RSM Hong Kong to achieve this. 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

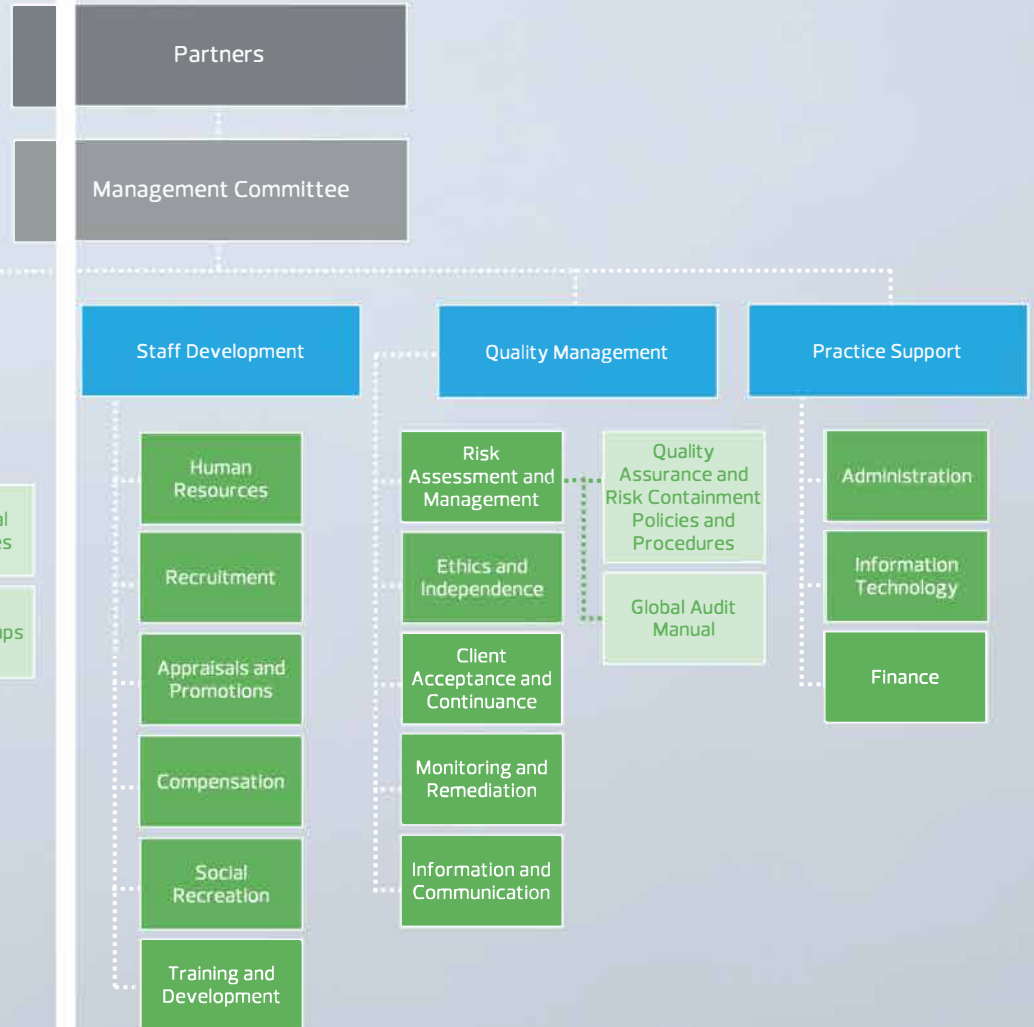
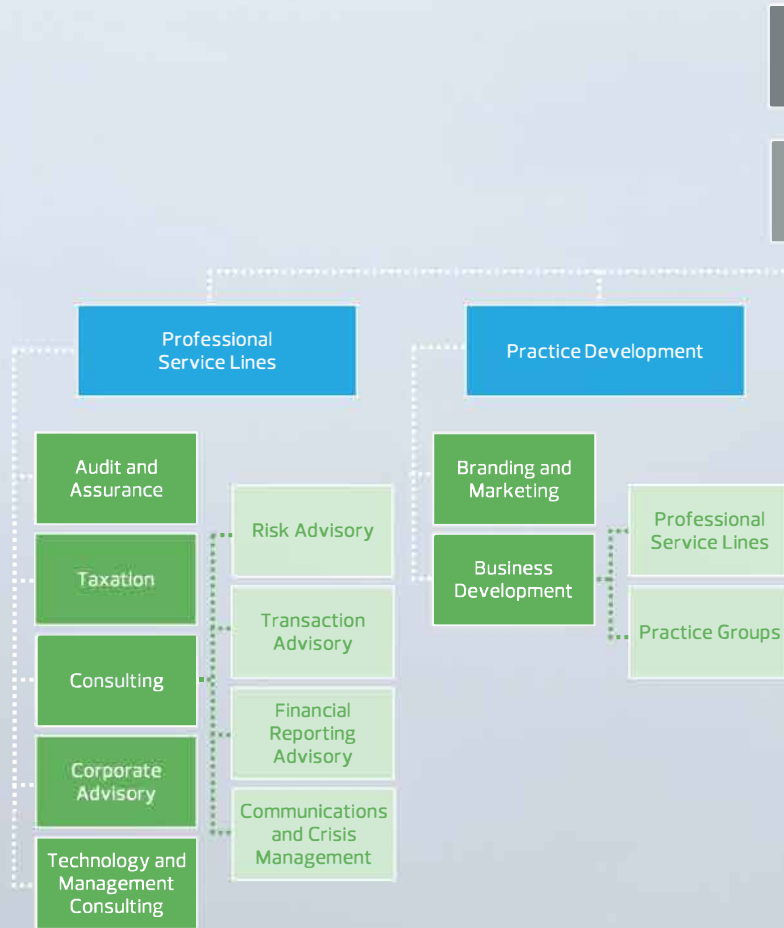
Member expectations

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 governance structure



RSM Hong Kong, a partnership of certified public accountants formed in Hong Kong in 1975, is owned by its equity partners. It is registered with the Hong Kong Institute of Certified Public Accountants (HKICPA) since before 1 October 2022, and with the Accounting and Financial Reporting Council since 1 October 2022.

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 and 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 services to individuals and clients of all sizes, combined with a traditional approach of providing a tailored, personalised service to all clients.

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 administrating 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 on-going maintenance, operation and communication of the firm's System of Quality Management for the professional services which the firm provides. The Management Committee's responsibilities include ensuring that the firm's quality assurance & risk containment policies and procedures 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 overall responsibility for the resolution of quality assurance matters arising within the firm.

Non-Executive Chairman and Managing Partners



WONG POH WENG

Non-Executive Chairman

Wong Poh Weng joined RSM Hong Kong in 1985 and currently serves as the firm's Non-Executive Chairman. 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 a member of the RSM International Board of Directors and served as the chairman of the RSM Asia Pacific Council before retiring from that position in March 2023.



STEPHEN WONG

Managing Partner and
Head of Audit

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 firm's Head of Audit and serves as a member of the Global Quality Committee (GQC) of RSM International. The GQC oversees all quality, technical and inspection matters in the RSM network and is also responsible for the development and maintenance of the RSM Global Audit Methodology.

As Head of Audit, Stephen has overall responsibility for the design, operation and compliance with the firm's quality assurance and risk containment policies and procedures for the firm that meet or exceed the relevant professional requirements of both RSM and Hong Kong.

These responsibilities include:

- Establishing and overseeing the design and 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 policies and procedures, which are in compliance with professional standards and legal and regulatory requirements, to appropriately qualified and experienced individuals;
- Designating engagement quality review responsibilities for audit, review and other assurance/related services engagements to suitably qualified individuals and assigning appropriately experienced individuals to serve as engagement quality reviewers, where required under the firm's policies and professional standards;
- 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;
- Establishing a process of consultation which ensures that matters requiring consultation will be identified and 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 management with the RSM Global Executive Office; ensuring that any deficiencies identified from the monitoring and remediation process are communicated to all partners and professional staff on a timely basis, including to the Management Committee, and that appropriate remedial actions are implemented within the firm.



EUGENE LIU

Managing Partner and
Head of Practice Development

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.

As the firm's Head of Practice Development, he is responsible for:

- 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.

Other key individuals

GARY STEVENSON

Head of Ethics and Independence and 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 and is currently the Chairman of the Financial Reporting Standards Committee of the HKICPA and the Chairman of the IFRS Advisory Committee of RSM International.

As the firm's Head of Ethics and Independence, he is responsible for:

- 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 by all professional employees across all service lines;
- Maintaining and monitoring the integrity of the Firm's data held on RSM's global independence conflict-checking database and conducting periodic completeness and accuracy testing;
- Resolving independence questions and conflicts arising, 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; and
- Coordinating and completion of the firm's annual Independence Confirmation by all professional employees.

Being the firm's 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 to meet HKICPA and 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;
- Maintaining records evidencing the content and method of delivery, records of attendance 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 firm's 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.

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, holding various roles during his tenure in PricewaterhouseCoopers.

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 the 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 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.

System of quality management

The quality of our work is at the heart of our firm and we continually invest significant resources in quality enhancement across all of our businesses. We define quality service as one that meets the expectations of our stakeholders and which complies with all applicable standards, policies and ethical requirements, as well as the minimum requirements set out in RSM policies and procedures.

In accordance with Hong Kong Standard on Quality Management (HKSQM) 1 published by the HKICPA, which is fully aligned with the International Standard on Quality Management (ISQM) 1 issued by the International Auditing and Assurance Standards Board, RSM Hong Kong was required to design, implement and operate a System of Quality Management (SoQM) starting from 15 December 2022. HKSQM 1 applies to all firms performing audits or reviews of financial statements, or other assurance or related services engagements. RSM Hong Kong is committed to performing high quality engagements and acting in the public interest and has fully adopted and implemented these requirements from the effective date.

A SoQM addresses the following components:

- The firm's risk assessment process
- Governance and leadership
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Engagement performance
- Resources
- Information and communication
- Monitoring and remediation

In adopting HKSQM 1, RSM Hong Kong has applied a risk-based approach to design, implement and operate these components in a coordinated manner, such that RSM Hong Kong proactively manages the quality of all engagements performed by the firm.

RSM Hong Kong performs on-going monitoring and remediation activities over its SoQM and completes a SoQM performance assessment at least annually. Root cause analysis is performed whenever any improvement areas are identified, supported by a remediation plan to effectively address matters arising. As our services change and develop, and the needs and expectations of our stakeholders also change, we are continually reviewing and updating the scale, scope and operations of our SoQM and investing in programmes to enhance the quality of the services that we provide. Our SoQM will continually evolve over time.



Our quality management is embedded in everything we do, including, but not limited to:

- Hiring of professional staff through structured interview processes;
- Providing training programmes to ensure our staff are kept up to date with the latest technical knowledge and to equip them with other necessary skills to execute assignments;
- Development of methodology, policies and guidance to enable engagement teams to consistently comply with applicable professional standards, regulations and legal requirements; and
- Supporting our engagement teams through technical support and consultations.

The core of our SoQM lies in our Quality Assurance and Risk Containment (QARC) Policies which integrate quality management into the Assurance business processes and the firm-wide risk management process. The QARC Policies establish overall quality objectives for the Assurance practice focusing on having the people and processes to deliver Assurance engagements in an effective and efficient manner that meets the expectations of our clients and other stakeholders.

The achievement of these objectives is supported by a quality management process established by our Management Committee with inputs and feedback from our partners and staff. This quality management process includes risk identification, risk responses, monitoring and continuous improvement through root cause analyses and remedial actions, as well as a quality-related recognition and accountability framework to be used in appraisals, remuneration, and career progression decisions.

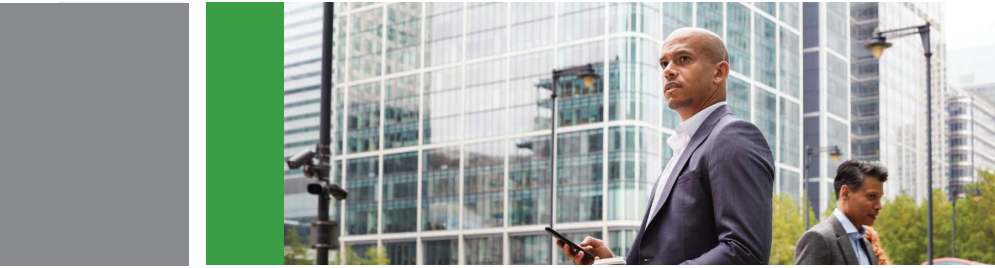
In addition, having adopted and being in compliance with the internationally recognised ISO 27001 information security standard, the firm has robust policies and controls in place that help to maintain the confidentiality, availability and integrity of all client data and that also supports the design, implementation and operation of our SoQM.

We consider that our systems are compliant with all applicable professional standards. Our organisational structure, policies, procedures and communication programmes promote an internal culture of quality on all services provided by the firm.

The firm is committed to quality and expects all our partners and staff to embrace quality, act with honesty and integrity and take personal responsibility for the quality of 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 meet or exceed 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, ethical and regulatory requirements, that work has been performed to a consistently high-quality standard and that appropriate reports have been issued.



Some of the individual policies and procedures that the firm has developed to support the operation of the components of its overall system of quality management include:

Acceptance and continuance of client relationships and specific engagements

It is our policy to accept engagements only with those clients who meet the firm's key acceptance criteria. Such criteria include client integrity, independence, understanding of the client's needs and service requirements and the adequacy of our capabilities in terms of available resources, expertise and sufficient time to perform the work required by the client and to render the necessary reports within the agreed timetable.

It is our policy to obtain such background information as considered necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing client 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 customer due diligence screening solution provider 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 Management 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 or other deliverable to be issued in the circumstances and within required timeframes.

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 or other deliverable is issued.

Specific responsibilities to manage quality include ensuring:

- engagement team compliance with ethical and independence requirements;
- appropriate acceptance and continuance procedures are performed and documented;
- the engagement team has the appropriate competence, experience and time available;
- an engagement quality reviewer (EQR) is assigned, where required;
- appropriate consultations take place;
- all work performed is reviewed to ensure it is compliant with applicable professional standards, regulatory and legal requirements and supports the conclusions reached;
- the 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 firm's monitoring and remediation process have any effect on the engagement.

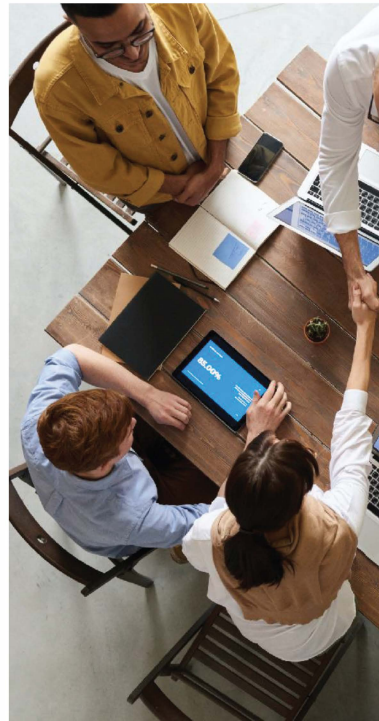
Supervision and review

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 of less experienced team members is reviewed by more experienced team members and that all 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.

The firm's policies require engagement quality reviews (EQRs) 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 certain industries deemed of higher risk by the firm.

The purpose of an EQR is to provide the firm with assurance, in higher-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 and the conclusions reached in formulating the report or other deliverables.

The head of each professional service line is responsible for assigning an EQR to an engagement. An EQR is required to be an independent partner, or other suitably qualified person, 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 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 the firm's policies. 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 before the report or other deliverable is issued.



Monitoring and remediation

Global inspection and RSM Member Firm monitoring programmes

Each individual RSM Member Firm is required to establish a monitoring and remediation process designed to provide it with reasonable assurance that the policies and procedures relating to its system of quality management over its assurance and other professional services practices are relevant, adequate, operating effectively, and are aligned with RSM expectations and all applicable professional requirements established by the International Federation of Accountants (IFAC) standard-setting boards including:

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

A key element of each RSM Member Firm's monitoring and remediation process is to design and operate an annual inspection programme in accordance with RSM requirements, with the objectives of providing an evaluation of matters including:

- 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 management system has been appropriately designed and implemented, so that reports that are issued by the Firm and its engagement partners are appropriate in the circumstances; and
- Areas where further actions are needed by either the Firm or RSM in order to take appropriate remedial actions or to make improvements to the Firm's quality management 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 all RSM 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. RSM Hong Kong was last subject to an RSM global inspection in 2022 and no significant comments arose.

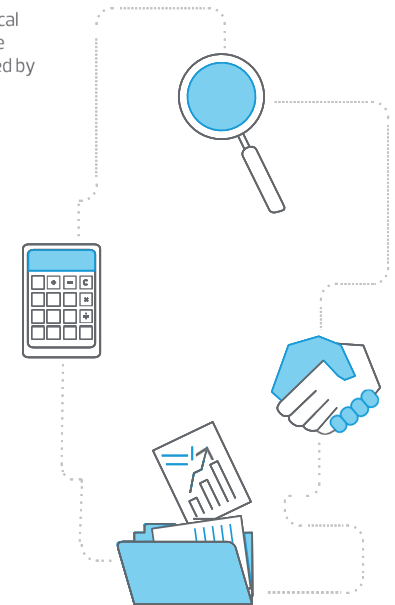
The RSM International Board has the authority to impose sanctions on a Member Firm where non-compliance is identified with respect to adherence to professional requirements and RSM methodologies, policies and procedures.

External monitoring and inspection

Both the Hong Kong Institute of Certified Public Accountants (HKICPA) and the Financial Reporting Council (FRC) conducted external monitoring until 1 October 2022 under their respective Practice Review Programmes.

Starting from 1 October 2022, the FRC has been renamed as the Accounting and Financial Reporting Council (AFRC). Its statutory functions have been expanded, including the registration functions in relation to audit practitioners and practices, the issue of practicing certificates and the registration of CPA firms, corporate practices and local Public Interest Entity auditors; as well as regulatory powers, namely inspection, investigation and discipline over practice units and investigation and discipline over individual CPAs. As a result, RSM Hong Kong is now subject to the AFRC's external regulatory regime.

The AFRC's regulatory inspections are conducted on a cyclical basis according to its policy statements for inspections. The last completed quality assurance review visit was performed by the FRC in November 2021 and concluded in April 2022. The results of the review 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. We strive to ensure that individuals we hire 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.



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 to help monitor that all professionals are completing their required CPD. Attendance is compulsory and any non-attendance is followed-up and may be subject to disciplinary actions for any continued non-compliance. 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.

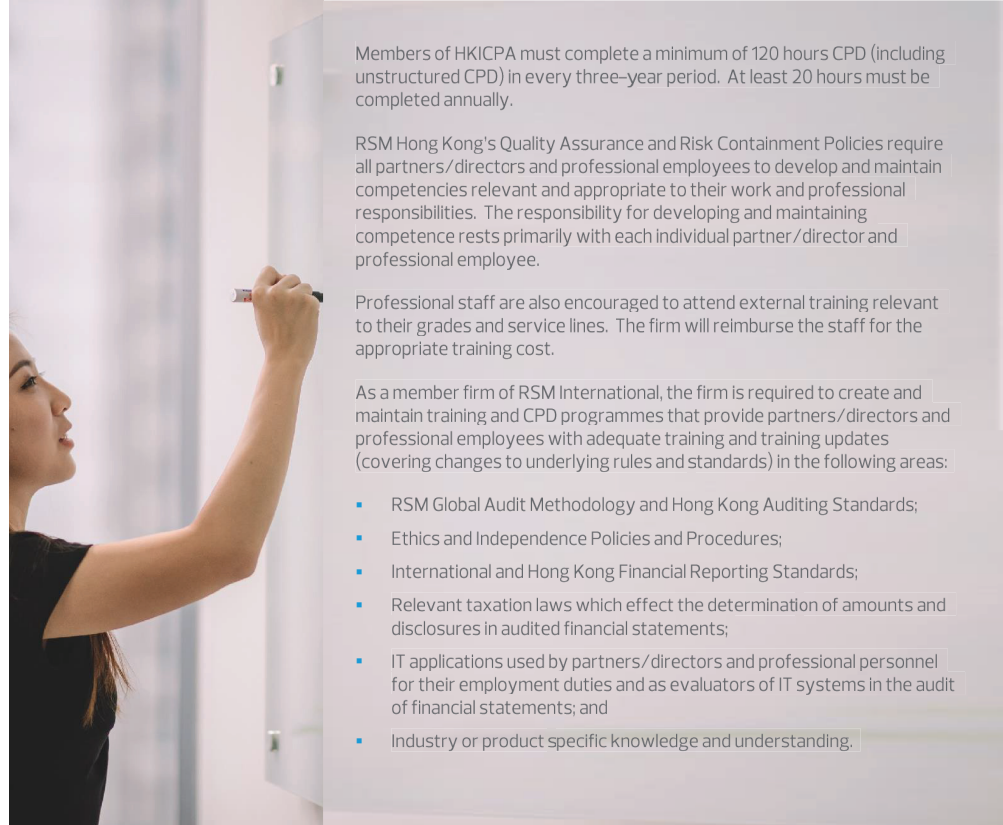
Members of HKICPA must complete a minimum of 120 hours CPD (including unstructured CPD) in every three-year period. At least 20 hours must be completed annually.

RSM Hong Kong's Quality Assurance and Risk Containment Policies require all partners/directors and 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 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:

- RSM Global 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, RSM developed RSM Orb, RSM's risk-based audit solution. It is comprised of four elements:

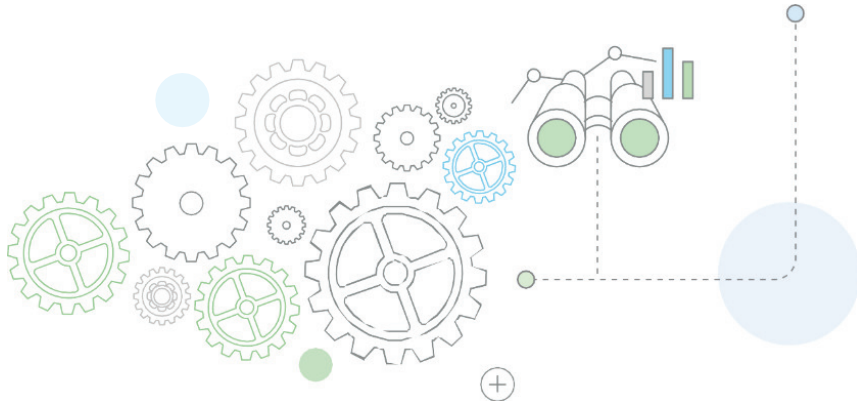
- Proprietary Global Audit Methodology
- Global Audit Manual
- RSM template housed in licensed software
- Guidance

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.

RSM Orb includes requirements for engagement quality 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 Management 1 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 any additional requirements arising from local laws and regulations in each jurisdiction.



Public interest entities

Public interest entities, as defined in the Glossary of the Code of Ethics for Professional Accountants issued by the HKICPA, are:

- All listed entities; and
- Any entity –
 - defined by regulation or legislation as a public interest entity or
 - 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 as at 31 December 2022:

Arts Optical International Holdings Limited
 C&D Newin Paper & Pulp Corporation Limited
 CALB Group Co., Ltd
 CDW Holding Limited
 Chanhigh Holdings Limited
 China Biotech Services Holdings Limited
 China Castson 81 Finance Company Limited
 China Engene International (Holdings) Limited
 China Financial Leasing Group Limited
 China Haisheng Juice Holdings Co., Ltd.
 China Medical & HealthCare Group Limited
 China Weaving Materials Holdings Limited
 China Youzan Limited
 Combine Will International Holdings Limited
 Daohe Global Group Limited
 ENM Holdings Limited
 Finsoft Financial Investment Holdings Limited
 GET Holdings Limited
 GINSMS Inc.
 Global New Material International Holdings Limited
 Global Strategic Group Limited
 Green Economy Development Limited
 Hang Yick Holdings Company Limited
 Heng Tai Consumables Group Limited
 Hephaestus Holdings Limited*
 HKE Holdings Limited
 Hong Kong Johnson Holdings Co., Ltd.
 IRC Limited
 Infinity Development Holdings Company Limited
 Jutal Offshore Oil Services Limited

Ka Shui International Holdings Limited
 Kaisun Holdings Limited
 Kelfred Holdings Limited
 KuangChi Science Limited
 Matrix Holdings Limited
 Minshang Creative Technology Holdings Limited
 Natural Beauty Bio-Technology Limited
 Paladin Limited
 Phoenician International Limited
 PICO Far East Holdings Limited
 Prosperity International Holdings (H.K.) Limited*
 Qianhai Health Holdings Limited*
 Raymond Industrial Limited
 Risecomm Group Holdings Limited
 Satu Holdings Limited
 Sheen Tai Holdings Group Company Limited
 Shentong Robot Education Group Company Limited
 Shuang Yun Holdings Limited
 Smartac International Holdings Limited*
 State Innovation Holdings Limited
 Stelux Holdings International Limited
 Tak Lee Machinery Holdings Limited
 Takbo Group Holdings Limited
 United Energy Group Limited
 UTS Marketing Solutions Holdings Limited
 Vincent Medical Holdings Limited
 Wah Wo Holdings Group Limited
 Xin Yuan Enterprises Group Limited
 YesAsia Holdings Limited
 Zhonghua Gas Holdings Limited

* Resigned subsequent to 31 December 2022

^ Delisted subsequent to 31 December 2022

Ethics and Independence

At RSM Hong Kong, we prioritise ethics and independence to ensure that our firm, partners and professional employees comply with all relevant independence and ethical requirements. We maintain our ethics and independence policies that are designed to provide reasonable assurance that we meet the ethical and independence requirements established by the following, as a minimum:

- 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 to augment the firm's policies, as necessary, to the specific requirements of our firm and to reflect all additional local ethical codes or regulatory requirements, which establish higher standards than those reflected in either the IESBA Code or RSM Policies. Partners or professional employees who have any questions regarding the firm's ethics and independence policies are required to consult promptly with the Head of Ethics and Independence. If any RSM Ethics and Independence policy requirements require interpretation, the Head of Ethics and Independence is able to consult with the RSM Global Ethics and Independence Leader at the Global Executive Office.

We communicate our ethics and independence policies to all partners and professional employees during their onboarding process, and we provide ongoing training and continuing professional development programmes to ensure that all professional personnel stay up-to-date with any new or amended requirements.

To ensure compliance, we maintain an up-to-date and accurate register of all assurance clients and their securities issued, with respect to which partners and professional employees are not permitted to invest according to our ethics and independence policies. The register is made available 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.

Rotation of key audit partners in the audits of public interest entities (PIE)

Ethics and independence are preconditions of a high-quality audit. Overfamiliarity is one of the key threats to our audit team's independence and objectivity. RSM Hong Kong follows the mandatory rotation requirements of the Code of Ethics for Professional Accountants issued by the HKICPA in respect of audits of public interest entities.

| Details of the maximum periods and cool-off period | | |
|---|----------------|--------------------|
| Individual | Maximum period | Cooling off period |
| Audit Engagement Partner | 7 years | 5 years |
| Engagement Quality Reviewer | 7 years | 3 years |
| Other Key Audit Partners involved in the PIE engagement | 7 years | 2 years |

When an individual rotates from an audit engagement to preserve independence, it is essential that they have no ability to exert any influence over the audit engagement during the minimum cooling-off periods set out above. The individual must therefore also relinquish any client relationship role at the same time.

RSM InTrust

RSM InTrust is our global independence system that enables us to make timely and informed data-driven decisions to comply with the ever-changing ethics and independence requirements. All RSM Member Firms are required to record and maintain accurate information in RSM InTrust on all of its relevant clients and other relationships with entities that might impair the independence of another Member Firm that is providing assurance services. Entities that meet specific inclusion requirements must be recorded on RSM InTrust. These are:

- Public interest entities, including listed entities;
- Private equity firms or funds; and
- Private entities where their ultimate parent company is domiciled in a different country to the Member Firm providing the service or taking on the relationship, or where the client group operates in multiple countries.

Additionally, all clients that are affiliates of groups – or certain other relationships with entities meeting the above criteria, will be required to be included in RSM InTrust. RSM InTrust must be searched before providing any service to any corporate client or prospect or before taking on any Other Relationship of Interest as defined in our ethics and independence policy – which includes close business relationships, financial interests and external managerial positions.

Internal review of independence compliance

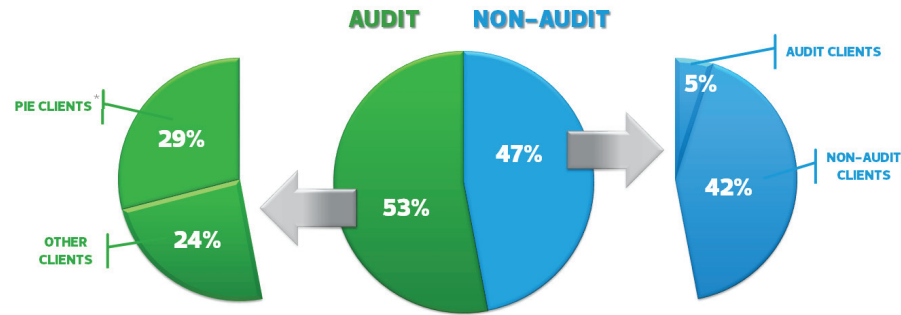
RSM Hong Kong conducts an annual internal review to assess our firm's compliance with independence regulations. Our inspections programme includes an evaluation of compliance related to the provision of non-audit services, business relationships with corporate entities and financial relationships of the firm. In addition, we follow RSM International's requirements for annual ethics and independence compliance testing, which includes obtaining reasonable assurance that the data held on RSM InTrust is complete and accurate in accordance with our firm's ethics and independence policies.

Financial information

As of 31 December 2022, RSM Hong Kong 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 2022 is as follows:



* PIEs and entities belonging to a group of undertakings whose parent undertaking is a PIE.

Partner remuneration

The performance of partners 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 is determined by reference to the annual performance evaluation.

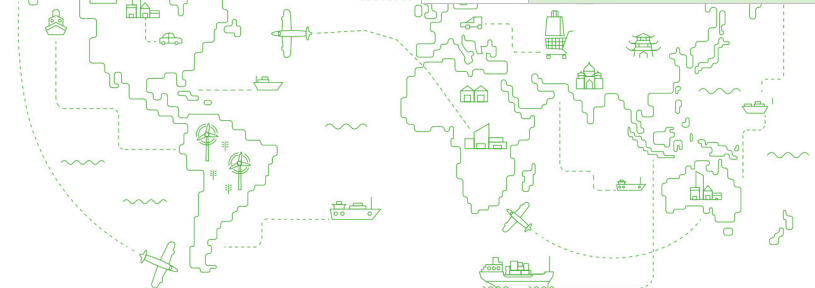
Stephen Wong

Stephen Wong
 Managing Partner
 28 April 2023

European Economic Area (EEA) – RSM Member Firms that provide audit services

The list is based on the information provided to the RSM Global Executive Office by Member Firms about the services that each entity provides. Please note that RSM does not have Member Firms in Estonia, Finland, Latvia, Lithuania, Slovenia, Iceland and Liechtenstein. In addition, the RSM Member Firms in the Czech Republic and Slovakia do not provide audit services themselves, but work closely with firms that do provide this service. We have not listed these two countries on the summary below.

| Country | Legal entity name | Country | Legal entity name |
|----------|---|-------------|---|
| Austria | RSM Austria Wirtschaftsprüfung GmbH | Greece | RSM Greece Certified Auditors and Management Consultants SA |
| Belgium | RSM Belgium RSM reviseurs d'entreprises – bedrijfsrevisoren SRL/BV RSM InterAudit CVBA | Hungary | RSM Audit Hungary Zrt. |
| Bulgaria | RSM BG Ltd. | Ireland | RSM Ireland Business Advisory Limited |
| Croatia | RSM Croatia d.o.o. | Italy | RSM Società di Revisione e Organizzazione Contabile S.p.A. |
| Cyprus | RSM Cyprus Limited | Luxembourg | RSM Audit Luxembourg, société à responsabilité limitée |
| Denmark | RSM Danmark Statsautoriseret Revisionspartnerselskab | Malta | RSM Malta |
| France | Alain Martin & Associes Gecia Expertise Comptable RSM EST RSM France RSM Mediterranee RSM Ouest RSM Paris RSM Réunion Audit RSM Rhône-Alpes | Netherlands | RSM Netherlands Accountants N.V. RSM Netherlands Audit B.V. |
| Germany | RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft | Norway | RSM Norge AS |
| | | Poland | RSM Poland Audyt Sp. Z o.o. RSM Poland Sp. z o.o. |
| | | Portugal | RSM & Associados – Sroc, Lda |
| | | Romania | RSM Romania SRL |
| | | Spain | RSM Spain Auditores, SLP RSM Andorra Auditores 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, and promotion of staff, staff utilisation and general administration of the department. The current heads of professional service lines departments are:



RSM Hong Kong leaders

as at 28 April 2023

NON-EXECUTIVE CHAIRMAN

Wong Poh Weng

MANAGING PARTNERS

Stephen Wong
Eugene Liu

AUDIT AND ASSURANCE

PARTNERS

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

PRINCIPALS

Ada Poon
Gabriel Yuen
Ivan Mak
Jane Yau
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
Karen Poon
Noah Wong

CORPORATE ADVISORY

PARTNERS

Johnathan Lai
Kenny Wong
Osman Arab

DIRECTORS

Ian Pearson
Ian Tan
Kate Tang

TAXATION

PARTNERS

Eric Chen
Joanna Lee
Lillian Poon
Patrick Ho
Samuel Chan

DIRECTORS

Alan Chow
Caesar Wong
Catherine Tsang
Catherine Wong
Shirley Lo

TECHNOLOGY

PARTNER

Jason Yau

DIRECTORS

Aldous Yu
Nicholas To

TECHNICAL

HEAD

Colin Chau

PARTNERS

Gary Stevenson
Kevin John Chowdhay



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



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

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