

**Joint Declaration of the Chinese Institute of Certified Public
Accountants and the Hong Kong Institute of Certified Public
Accountants on the Ongoing Convergence of China Auditing
Standards and Hong Kong Auditing Standards**

(5 September 2011)

The China Auditing Standards Board (CASB) and the Hong Kong Institute of Certified Public Accountants (HKICPA) signed a Joint Declaration on the convergence of China Auditing Standards (CAuSs) and Hong Kong Auditing Standards (HKAuSs) on 6 December 2007.

As set out in the Joint Declaration, both parties declare their commitment to maintain convergence of CAuSs and HKAuSs on an ongoing basis. Both CAuSs and HKAuSs are based on International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB).

On 27 February 2009, the IAASB completed its comprehensive Clarity Project to enhance the clarity of ISAs. The requirements of the new ISAs have been clarified and their quality has been significantly improved.

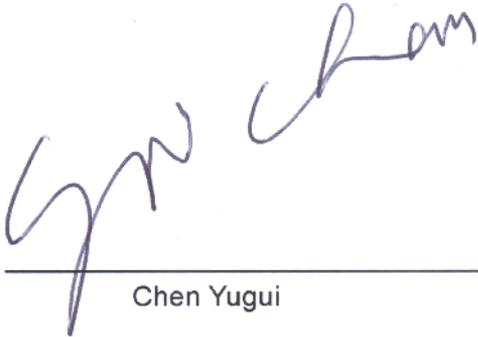
In this regard, the HKICPA has issued the Hong Kong equivalent standards to maintain convergence with the clarified ISAs with the same effective date which is for audits of financial statements for periods beginning on or after 15 December 2009.

In accordance with the principle of continuous and comprehensive convergence, the Chinese Institute of Certified Public Accountants (CICPA) has completed the revision of CAuSs, and achieved ongoing convergence with the clarified ISAs. The revised CAuSs have been officially released on 1 November 2010, and will be effective from 1 January 2012.

A standard by standard comparison has been conducted between the revised CAuSs and the clarified HKAuSs. The revised CAuSs have achieved convergence with clarified HKAuSs. The only additional standard included in the revised CAuSs is on communication between predecessor and successor auditors. This addition reflects specific requirements and circumstances in Mainland China and does not conflict with the clarified HKAuSs. A list of the clarified HKAuSs and the revised CAuSs is set out in Annex A.

Convergence is an ongoing process. The CICPA and the HKICPA will continue to communicate and work closely to achieve ongoing convergence between CAuSs and HKAuSs.

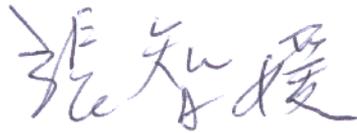
If there are any differences between the Chinese and English version of this Joint Declaration, the Chinese version shall take effect.



Chen Yugui

Deputy President & Secretary General

Chinese Institute of Certified
Public Accountants



Winnie C.W. Cheung

Chief Executive

Hong Kong Institute of
Certified Public Accountants

List of the clarified HKAuSs* and the revised CAuSs in relation to the IAASB Clarity Project

	Clarified HKAuSs*		Revised CAuSs	
1	HKSQC 1 (Clarified)	Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements	CSQC 5101	Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements
2	HKSA 200 (Clarified)	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing	CSA 1101	Overall Objectives of the Auditor and the Conduct of an Audit
3	HKSA 210 (Clarified)	Agreeing the Terms of Audit Engagements	CSA 1111	Agreeing the Terms of Audit Engagements
4	HKSA 220 (Clarified)	Quality Control for an Audit of Financial Statements	CSA 1121	Quality Control for an Audit of Financial Statements
5	HKSA 230 (Clarified)	Audit Documentation	CSA 1131	Audit Documentation
6	HKSA 240 (Clarified)	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	CSA 1141	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
7	HKSA 250 (Clarified)	Consideration of Laws and Regulations in an Audit of Financial Statements	CSA 1142	Consideration of Laws and Regulations in an Audit of Financial Statements
8	HKSA 260 (Clarified)	Communication with Those Charged with Governance	CSA 1151	Communication with Those Charged with Governance
9	HKSA 265 (Clarified)	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management	CSA 1152	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
10	HKSA 300 (Clarified)	Planning an Audit of Financial Statements	CSA 1201	Planning an Audit of Financial Statements

	Clarified HKAuSs*		Revised CAuSs	
11	HKSA 315 (Clarified)	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment	CSA 1211	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
12	HKSA 320 (Clarified)	Materiality in Planning and Performing an Audit	CSA 1221	Materiality in Planning and Performing an Audit
13	HKSA 330 (Clarified)	The Auditor's Responses to Assessed Risks	CSA 1231	The Auditor's Responses to Assessed Risks
14	HKSA 402 (Clarified)	Audit Considerations Relating to an Entity Using a Service Organization	CSA 1241	Audit Considerations Relating to an Entity Using a Service Organization
15	HKSA 450 (Clarified)	Evaluation of Misstatements Identified during the Audit	CSA 1251	Evaluation of Misstatements Identified during the Audit
16	HKSA 500 (Clarified)	Audit Evidence	CSA 1301	Audit Evidence
17	HKSA 501 (Clarified)	Audit Evidence - Specific Considerations for Selected Items	CSA 1311	Audit Evidence - Specific Considerations for Inventory, Litigation and Claims, and Segment Information
18	HKSA 505 (Clarified)	External Confirmations	CSA 1312	External Confirmations
19	HKSA 510 (Clarified)	Initial Audit Engagements – Opening Balances	CSA 1331	Initial Audit Engagements – Opening Balances
20	HKSA 520 (Clarified)	Analytical Procedures	CSA 1313	Analytical Procedures
21	HKSA 530 (Clarified)	Audit Sampling	CSA 1314	Audit Sampling
22	HKSA 540 (Clarified)	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures	CSA 1321	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures

	Clarified HKAuSs*		Revised CAuSs	
23	HKSA 550 (Clarified)	Related Parties	CSA 1323	Related Parties
24	HKSA 560 (Clarified)	Subsequent Events	CSA 1332	Subsequent Events
25	HKSA 570 (Clarified)	Going Concern	CSA 1324	Going Concern
26	HKSA 580 (Clarified)	Written Representations	CSA 1341	Written Representations
27	HKSA 600 (Clarified)	Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	CSA 1401	Special Considerations – Audits of Group Financial Statements
28	HKSA 610 (Clarified)	Using the Work of Internal Auditors	CSA 1411	Using the Work of Internal Auditors
29	HKSA 620 (Clarified)	Using the Work of an Auditor's Expert	CSA 1421	Using the Work of an Expert
30	HKSA 700 (Clarified)	Forming an Opinion and Reporting on Financial Statements	CSA 1501	Forming an Opinion and Reporting on Financial Statements
31	HKSA 705 (Clarified)	Modifications to the Opinion in the Independent Auditor's Report	CSA 1502	Modifications to the Opinion in the Auditor's Report
32	HKSA 706 (Clarified)	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report	CSA 1503	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Auditor's Report
33	HKSA 710 (Clarified)	Comparative Information – Corresponding Figures and Comparative Financial Statements	CSA 1511	Comparative Information – Corresponding Figures and Comparative Financial Statements
34	HKSA 720 (Clarified)	The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements	CSA 1521	The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements

	Clarified HKAuSs*		Revised CAuSs	
35	HKSA 800 (Clarified)	Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks	CSA 1601	Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
36	HKSA 805 (Clarified)	Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	CSA 1603	Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
37	HKSA 810 (Clarified)	Engagements to Report on Summary Financial Statements	CSA 1604	Engagements to Report on Summary Financial Statements
38	N/A		CSA 1153	Communication Between Predecessor and Successor Auditors

* For the purpose of this Joint Declaration, the scope of HKAuSs is restricted to the clarified Hong Kong Standards on Auditing (HKSA) and clarified Hong Kong Standards on Quality Control (HKSQC) issued by the HKICPA in response to the IAASB Clarity Project.