



BDO LIMITED TRANSPARENCY REPORT 2021

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.





BDO AT A GLANCE

BDO GLOBALLY

1,728 OFFICES

167 COUNTRIES AND TERRITORIES

97,000+ HIGHLY SKILLED PARTNERS AND STAFF WORLDWIDE

US\$11.8B GLOBAL REVENUES (+10.8%)

Data 1 October 2020 to 30 September 2021 – source [BDO Global Transparency Report](#)

BDO IN HONG KONG

1,100 PEOPLE

60+ DIRECTORS

Figures as at 30 September 2021

ABOUT BDO IN HONG KONG (BDO LIMITED)

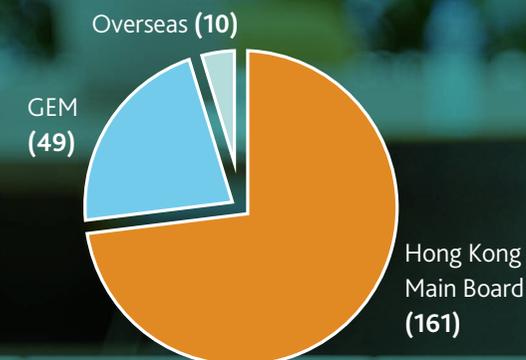
BDO Limited commenced its practice in Hong Kong in 1981 serving a diversity of local and international clients in various industries. BDO Limited is currently has over 60 directors and 1,100 staff serving over 200 clients listed locally and overseas.

BDO Limited is principally engaged in the provision of audit and assurance services. Through our affiliates, BDO in Hong Kong is engaged in the provision of a wide range of other professional services including business services & outsourcing, private client services, risk advisory services, specialist advisory services & tax services.

As at 30 September 2021

BDO Limited is the **FIFTH** largest accounting firm in Hong Kong

Distribution of listed clients





LETTER FROM THE MANAGING DIRECTOR – ASSURANCE

We present the accompanying Transparency Report for our financial year ended 30 September 2021 in accordance with European Union Audit Regulation (EU No. 537/2014) Article 13.

Audit is the largest service line in our business. Our commitment to exceptional client service has no compromise. Audit is not a static process and we recognise the need to offer our clients the best possible service and therefore ensure the continual development of our staff and enhancement of our range of audit tools. BDO's methodologies, robust quality assurance framework, continuing professional development, tools and guidance are developed with our clients in mind and promptly reflect external developments in world-best practice.

As a firm, we are always committed to audit quality and professionalism across different lines of service and this has made us one of the most reputable accounting firms in Hong Kong over the past 41 years. It is our core strategy and we will continue to deliver exceptional client service through high quality of work. In the forthcoming year we will be enhancing our existing system of quality management so as to be in conformity with the new professional requirements – specifically, the Hong Kong and International Standards on Quality Management – which become effective later in 2022.

By its very nature of providing stakeholders in public interest entities with the assurance they are otherwise unable to obtain, the audit profession continually faces significant pressure stem from the need to meet ever-increasing expectations. Audit regulatory reform in Hong Kong is in place to meet with international best practice and, with this, the application of more stringent rules and regulations on audit oversight and continual enhancements to the existing rules in the areas of registration, inspection, investigation, enforcement, standard setting and continuing professional education. Along with all other auditors of public interest entities in Hong Kong, we are subject to regular inspection and oversight from the Hong Kong Financial Reporting Council. BDO is committed on an ongoing basis to develop and apply continual process improvements to its audit methodology and quality framework.

BDO Limited, as a major accounting firm in Hong Kong, has been providing our insight into the continuing development and regulation of the audit profession. I will continue to represent our firm to bring our experience and knowledge as an important stakeholder in the audit regulatory reform in Hong Kong.



Clement Chan
Managing Director – Assurance
BDO Limited

31 January 2022





LEGAL STRUCTURE AND OWNERSHIP

BDO GLOBAL

BDO Limited is a Member Firm of BDO International Limited.

The BDO network is an international network of independent public accounting, tax and advisory firms which are members of BDO International Limited and perform professional services under the name and style of BDO (hereafter: 'BDO Member Firms'). BDO is the brand name for the BDO network and all BDO Member Firms.

Legal and structural arrangements in the network:

Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee, as either a voting member (one per country) or a non-voting member. BDO International Limited is the governing entity of the BDO network and sets the membership obligations of the BDO Member Firms in the Regulations.

The BDO network is governed by the Council, the Global Board and the Global Leadership Team of BDO International Limited.

The Council includes one representative from each voting member firm and comprises the members of BDO International Limited in general meeting, held annually on a date fixed by the Global Board. Clement Chan is the representative of BDO Limited at the BDO International general meeting.

The Council approves budgets, appoints the Global Board and approves any changes in the Articles and Regulations of BDO International Limited. The Regulations of BDO International Limited, as adopted by the Council, are binding on all member firms (voting and non-voting).

The global aggregated turnover for BDO member firms (including their exclusive Alliances) in 167 countries for the year ended 30 September 2021 was in excess of US\$11.8 billion. Partner and staff numbers at 30 September 2021 were over 97,292.

Appendix I sets out the name, operating country of statutory auditors within the EU/EEA, and the combined turnover achieved by those firms is set out in Page 26.

Key features of the member firm network agreement:

Each BDO Member Firm is an independent legal entity and profits are not shared between member firms. All BDO Member Firm client engagements – whether for domestic work, referred work from other firms in the network, or international work sourced from non-BDO sources – are conducted in the name of the local BDO Member Firm. Membership of the network confers certain rights on BDO Member Firms, as well as certain obligations. Rights include the use of the BDO brand, including the network name and logo, the ability to refer work to and from other BDO Member Firms and a wide range of resources. Obligations include the capability to offer the minimum core services, including accounting and auditing, taxation and specialist advisory services, and a high standard of professionalism and ethics.



BDO IN HONG KONG

BDO Limited, a firm of certified public accountants registered with the Hong Kong Institute of Certified Public Accountants, is a limited liability company, incorporated in Hong Kong and is owned by its members who are also directors of the company. BDO Limited is also a registered Public Interest Entity auditor ('PIE auditor') under The [Financial Reporting Council \(Amendment\) Ordinance 2019](#) ('FRCO'). We can perform public interest entity engagement after the FRCO came into operation on 1 October 2019.

Since our establishment in 1981, we have committed ourselves to facilitating the growth of businesses by embracing new ideas and technologies. As part of the international BDO network, we play a significant role in BDO's operation in Asia Pacific. We are auditing over 200 listed companies annually, and acting as reporting accountants in capital market transactions. We have more than 60 directors and over 1,100 staff in Hong Kong and we combine international expertise with publicly recognised local credibilities. By acting locally while thinking globally, we continue to provide truly customised services to local enterprises and multinational corporations alike.

BDO Limited is the Hong Kong member firm of the BDO network, which

is the world's fifth largest accounting network. Each member firm of the BDO network is a separate legal entity and has no liability for another such entity's acts or omissions.

Our professionals are well-versed in accounting and auditing standards, tax and investment regulations prevailing in Hong Kong, mainland China as well as other major jurisdictions. We conform to the highest international standards.

BDO Limited is principally engaged in the provision of audit and assurance services. Through our affiliates, BDO in Hong Kong is a provider of a wide range of other professional services, which include:

- Business Services & Outsourcing
- Private Client Services
- Risk Advisory Services
- Specialist Advisory Services
- Tax Services

We believe audit quality includes effective, efficient, technology-enabled and technically compliant audits that are highly valued and relied upon by intended users of financial statements performed by skilled professionals doing evaluative, insightful and impactful work.





GOVERNANCE AND LEADERSHIP

SUPERVISORY BOARD

The Supervisory Board of BDO Limited comprises the managing director – assurance, managing director – non-assurance, director & head of business development and marketing and director & head of operations and finance. They are responsible for the execution of our strategy and for day-to-day operations. The Supervisory Board is assisted by Functional and Service Line Heads in executing our strategy and administering the day-to-day operations.

NAME	TITLE
Clement Chan	Managing Director - Assurance
Johnson Kong	Managing Director – Non Assurance
Andrew Lam	Director and Head of Business Development and Marketing
Ringo Chiu	Director and Head of Operations & Finance



ASSURANCE MANAGEMENT GROUP (AMG)

The Group comprises our managing director – assurance, director & head of business development and marketing, director & head of operations and finance, head of assurance and total four assurance group heads. AMG holds regular meeting in every two weeks to review and discuss the major incidents that related to the assurance group, seeking areas of improvement on policies and procedures, as well as discussing the most updated regulatory and legal requirements that the whole firm should comply. The managing director – assurance will bring the pending issues to the Supervisory Board for further discussion and for decision making.

NAME	TITLE
Clement Chan	Managing Director - Assurance
Andrew Lam	Director and Head of Business Development and Marketing
Lesley Yeung	Director and Head of Assurance
Ringo Chiu	Director and Head of Operations & Finance
Amy Law	Director and Assurance Group Head
Peter Chow	Director and Assurance Group Head
Fanny Li	Director and Assurance Group Head
Jonathan Leong	Director and Assurance Group Head



RISK MANAGEMENT COMMITTEE (RMC)

At our firm, we have a Risk Management Committee, chaired by Head of Risk - Stephen Chan, composed of operational leaders. The RMC assume ultimate responsibility for the firm's system of quality control and risk management. The operational responsibility for the firm's system of quality control and risk management (within the overview of the Risk Management Committee) is assigned to other individuals within the firm based on having sufficient and appropriate experience and ability, and the necessary authority, to assume that responsibility. The primary duties of the Committee are to:

- Perform a firm-wide risk assessment to identify, assess and respond to material risks, such as strategic, operational, financial, regulatory, legal, IT, brand, reputational and other risks that may be identified.
- Evaluate matters identified at the business line level which may have a broader, firmwide impact.
- Formulating and implementing risk management policies and procedures and ensuring the compliance of directors and members of staff.
- Formulating and implementing risk management policies and procedures and ensuring the compliance of directors and members of staff with those policies and procedures. These policies and procedures include the requirements of the Codes of Ethics for Professional Accountants issued by the HKICPA and the IESBA of International Federation of Accountants (IFAC) and such other ethical regulations and requirements applicable to us.
- Promoting a culture of risk awareness and consultation and being the primary point of contact for risk issues no matter their nature and source.
- Monitor compliance with the BDO Global Risk Management Policy.

NAME	TITLE
Stephen Chan (Chair)	Director and Head of Risk
Clement Chan	Managing Director - Assurance
Johnson Kong	Managing Director – Non Assurance
Ringo Chiu	Director and Head of Operations & Finance
Simon Riley	Director and Head of Professional Services
Cecilia Yam	Director and Head of Quality Assurance
Lesley Yeung	Director and Head of Assurance



NEW CLIENT ACCEPTANCE PANEL (NCAP)

The NCAP plays a pivotal role in the new client and engagement acceptance process. We have robust new client and engagement acceptance procedures in place to ensure that we are only associated with quality clients and we only take on engagements that we are competent in delivering quality services.

The new client and engagement acceptance procedures include:

- Consideration of the prospective client's business including its geographical spread and the industry it operates in;
- Evaluation of information concerning the prospective client, its management and its owners including obtaining evidence of the identity of the owners and officers of the business;
- Consideration of information regarding the character and reputation of the prospective client and key personnel;
- Assessment of potential independence risks and potential conflicts of interest;
- If relevant, inquiry of the previous auditor regarding the reasons for the change in auditor and whether there is any reason we should not accept the appointment;
- Assessment of our ability to serve the prospective client; and
- Reviewing filings of the prospective client, including prior year financial statements.

NAME	TITLE
Stephen Chan (Chair)	Director and Head of Risk
Clement Chan	Managing Director - Assurance
Johnson Kong	Managing Director – Non Assurance
Simon Riley	Director and Head of Professional Services
Cecilia Yam	Director and Head of Quality Assurance
Lesley Yeung	Director and Head of Assurance
Peter Chow	Director and Assurance Group Head
Jonathan Leong	Director and Assurance Group Head
Fanny Li	Director and Assurance Group Head



OUR COMMITMENT TO QUALITY – QUALITY CHECK AND REVIEW

At BDO, our leadership team remains committed to audit quality and continuous improvement. An important part of building our culture of quality is emphasising that quality is everyone's responsibility. Embedding a commitment to quality throughout the firm is demonstrated in a number of ways.

BDO LIMITED - INTERNAL INSPECTION PROGRAMME

The objectives of our Internal Inspection Programme (IIP):

- (i) is part of the system of monitoring intended to provide us with reasonable assurance that the policies and procedures relating to the firm's system of quality control are relevant, adequate and operating effectively and
- (ii) is monitoring the compliance by the firm and our assurance directors and staff with professional standards - including BDO manuals and guidance - and applicable legal and regulatory requirements.

The overall supervision and responsibility of the IIP is Head of Quality Assurance who is overseeing the IIP process and have a direct line of communication to the Managing Director- Assurance.

The scope of IIP includes:

- (a) Review of the functional areas, namely:
 - Leadership responsibilities for quality within the firm;
 - Relevant ethical requirements;
 - Acceptance and continuance of client relationships and specific engagements;
 - Human resources; and
 - Engagement performance
- (b) Review selected files of engagements subject to the scope of International Standard of Quality Control 1/Hong Kong Standard of Quality Control 1.

Working papers to be reviewed emphasise the higher risk areas of the selected files and certain mandatory areas for sufficiency and completeness. Some of the mandatory areas will be prescribed by BDO Global Office. Other mandatory areas will be prescribed by Head of Quality Assurance including areas in line with 'key topics' identified by FRC.

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



Root Cause Analysis

A fundamental part of an effective monitoring and remediation process is a root-cause-analysis (RCA).

We undertake a RCA in the following instances:

- When significant findings are identified during external or internal reviews (eg IIP, regulatory reviews)
- When an external or internal review achieves an overall negative result

By adopting a 'Why? Framework', our RCA identifies the underlying key cause (or causes) behind review findings, whether specific to one audit or firm-wide, so an appropriate and achievable action (or actions) can be taken to prevent recurrence of negative outcomes and to promote recurrence of positive ones.

To support this process, tailored action plans will be provided to address not only specific findings, but also common observations across engagements. It is the responsibility of the respective engagement director to ensure the actions are achievable and subsequently implemented. The monitoring of these plans is then undertaken to ensure each action has been addressed in a timely manner.

BDO GLOBAL - QUALITY MONITORING PROGRAMME

Quality monitoring on a global level within BDO originates from the BDO Regulations, which stipulate that each firm is subject to QARs (Quality Assurance Reviews). In practice, this results in a process where each firm, as a rule of thumb, is reviewed at least once every three years. Equally, the results of the firms' own Internal Inspection Programmes (IIPs) are monitored through the global Quality Monitoring Programme (QMP) annually. The QMP is designed to monitor firms' adherence and compliance with professional standards, as well as incremental BDO standards and requirements, including policies, procedures, methodologies and tools.

The QMP is managed by the Global Risk, Quality & Governance (RQ&G) department and QARs are carried out by a team of independent and suitably qualified dedicated reviewers, for whom an ongoing training process is in place.

NEW QUALITY MANAGEMENT STANDARDS (HKSQM 1, HKSQM 2 & HKSA 220 (REVISED))

Three new and revised standards strengthen and modernise our approach to quality management. BDO is in the process of establishing quality objectives, identify and assess quality risk in order to cater for the implementation of all these three new and revised standards in 2022.



FINANCIAL REPORTING COUNCIL (FRC) - INSPECTION

The Financial Reporting Council is an independent body under the Financial Reporting Council Ordinance. It is entrusted with the statutory duty to regulate auditors of listed entities through a system of registration and recognition, and through inspection, investigation and disciplinary action.

Since BDO Limited has over 200 PIE clients (Category A - **PIE auditors with more than 100 listed entity audits**), FRC inspects BDO Limited annually. They evaluate the effectiveness of the BDO's system of quality control, which cover policies and procedures over areas such as human resources, ethical requirements and the leadership's responsibility for audit quality within the firm.

FRC also inspects a number of PIE engagements completed in the inspection year by each PIE auditor to be inspected. The number selected depends on the number of PIE engagements that the PIE auditor has at 31 December just prior to the start of the inspection year. The number selected is between three and five for Category A auditors.

The 2020 FRC inspection was completed in March 2021.

HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (HKICPA) - PRACTICE REVIEW WORK AND PROFESSIONAL STANDARDS MONITORING

Practice review is a quality assurance programme that monitors all practice units registered by the HKICPA including individual practicing certificate holders, firms and corporate practices, to determine whether they have observed, maintained and applied professional standards.

The practice review programme of HKICPA consists of two elements:

- Audit quality assurance reviews and
- Anti-Money Laundering and Counter-Terrorist Financing (AML/ CTF) Compliance Monitoring Reviews (ACMRs).

Audit quality assurance reviews could determine whether practices have observed, maintained and applied professional standards, including all the statements and guidelines of professional ethics, financial reporting standards and standards on auditing and assurance. ACMRs is to monitor the level of compliance of the Institute's practice units within the Guidelines on AML/ CTF for Professional Accountants (AML Guidelines) included as part of the Institute's Code of Ethics and the amended Anti-Money Laundering and Counter-Terrorist Finance Ordinance (Cap.615) (AMLO).

BDO is a practice with over 200 listed clients and based on the HKICPA scoping criteria, BDO will receive an interim review in addition to a full review every three years. The last interim review was conducted in 2019 and concluded in 2020 with no follow-up action required.





OUR COMMITMENT TO QUALITY – FIRM'S POLICIES AND STANDARDS

INDEPENDENCE

It is our fundamental principle to perform assurance services with unimpaired professional judgement and objectivity, and to be seen doing so by a reasonable observer.

BDO firms manage and maintain independence and objectivity on assurance clients through compliance with the Global Independence Management Programme. The Programme details the independence requirements, BDO policies and the minimum mandatory procedures that all BDO firms are required to follow. Our firm has a detailed internal guidance setting out the policies and procedures designed to meet the principles and requirements of the Code of Ethics for Professional Accountants (HK COE) issued by the HKICPA and International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) of the International Federation of Accountants (IFAC). This guidance is complemented by extensive advice on consultation and training programmes targeting the needs of the individual directors and staff. The relevant ethics and independence rules are posted on our intranet, which is accessible by all directors and professionals.

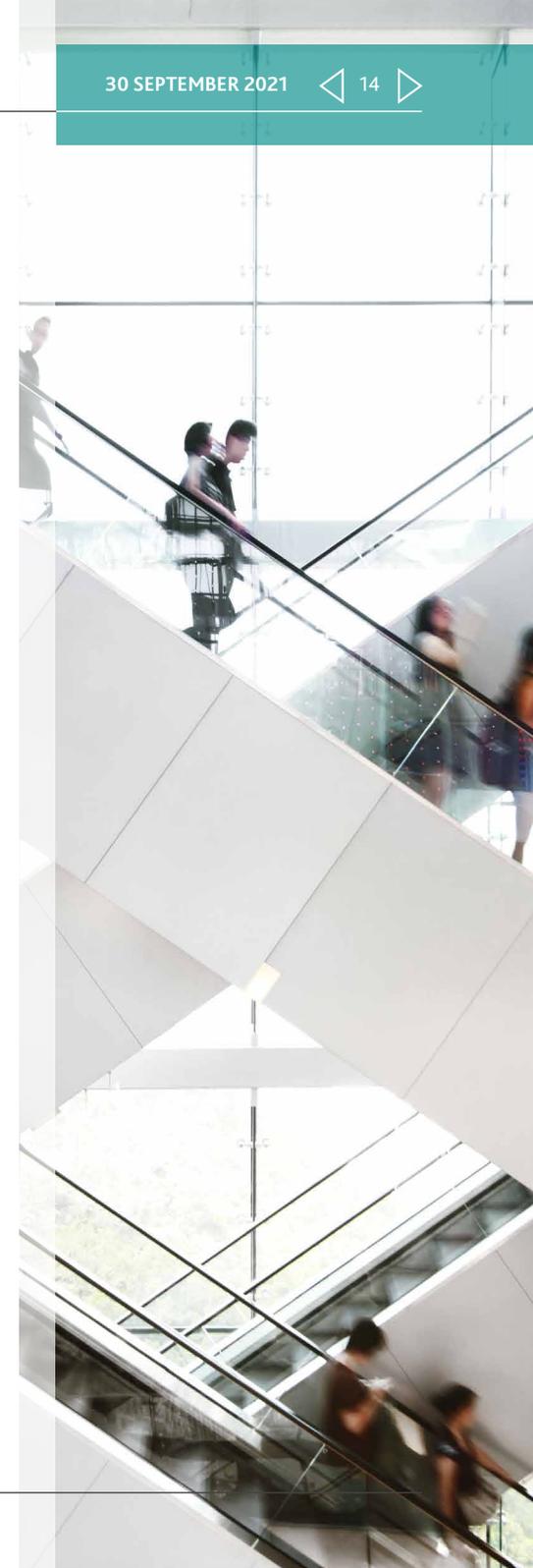
These policies and procedures cover, inter alia, our relationships with audit clients, rotation of engagement directors, fees and the provision of non-assurance services to audit clients.

ONGOING MONITORING AND REPORTING

A review of independence practices has been conducted via processes of internal review as part of a series of monitoring and review activities, including:

- An annual declaration undertaken by all directors and staff. All exceptions are reviewed and investigated by the Quality Assurance Department.
- The internal inspection programme examines a selection of audit files on an annual basis to review, among other things, the independence compliance.
- Restricted investment monitoring and compliance checking.
- Regular and ad hoc monitoring activities targeting specific aspects of audit independence.

In addition to HK COE, all BDO Member Firms are required to comply with, and annually report their compliance with, the IFAC COE.



BDO INDEPENDENCE COMMUNITY

We have a designated Ethics & Independence Leader, the Head of Quality Assurance, who is responsible for implementing and monitoring compliance with the applicable independence matters. She also reinforces the importance of compliance with the independence and related quality control standards and promotes an independence compliance culture within the firm.

GLOBAL INDEPENDENCE TECHNOLOGY

BDO services clients that operate across multiple jurisdictions. BDO maintains a worldwide database of each firm's restricted entities, including listed companies and other public interest entities. The database is readily accessible to all directors and staff with the objective of preventing the performance of prohibited non-assurance services or investment in these entities. The Global Independence and Conflict of Interest tool enables BDO firms to collaborate on service provision prior to client acceptance.

COMPREHENSIVE DUE DILIGENCE

Prior to accepting any new client or assurance engagement, our engagement teams must perform specific procedures to identify potential conflicts of interest and threats to our independence. Procedures include a custom-made web-based tool to facilitate international conflict to interest and independence checks throughout the BDO network.

There is also an independence declaration per audit engagement signed by all directors and staff members that have been involved in the performance of the audit engagement.





ENGAGEMENT PERFORMANCE

IT GENERAL CONTROLS

A key area of focus remains that of Information Technology General Controls (ITGCs) and this is embedded into our audit approach. It is imperative that we, as auditors, have a detailed understanding of our clients' information. Information Technology (IT) environment including the complexities of their IT applications. This allows us to effectively scope our audit approach and, where required, engage our Information Systems (IS) Audit Specialists. Using tailored working papers and templates, we then document our evaluation of the design and implementation of ITGCs.

OUR DIGITAL AUDIT SUITE

The BDO Digital Audit Suite provides a set of innovative platforms and tools that enable us to deliver exceptional client service to our audit clients. The key components of BDO's Digital Audit Suite are APT Next Generation (APT Next Gen), the BDO Client Portal and BDO Advantage. Each initiative provides specific benefits, which enhance value, empowering BDO's audit teams and enabling them to focus on clients and their business needs.

APT Next Gen



As an online engagement management platform developed and maintained by BDO Global, APT Next Gen leverages cloud technology and addresses audit risk assessment through to engagement execution and reporting. We continue to take advantage of the key benefits the platform provides, including the collaborative nature it offers and ongoing enhancements to project management capabilities.

The release of APT library content from BDO Global is subject to a robust review process to ensure compliance with the BDO Audit Manual. Following releases from BDO Global, we implement any local changes required by Hong Kong Auditing Standards and regulatory requirements and communicate these on a timely basis.

BDO Client Portal



We continue to use the BDO Client Portal as an online collaboration space between our clients and our audit teams. The portal enables the exchange of materials in a secure environment with integrated workflow tracking. With the ability to track activities and provide a live of progress to both the auditor and client, the BDO Client Portal continues to assist audit teams with project management.

BDO Advantage



BDO Advantage is our global methodology and suite of tools for performing Audit Data Analytics (ADAs) as part of our audit engagements.

This tool help streamline the extraction and analysis of large data sets that not only yield potential efficiencies but also identify and effectively channel our auditing procedures to address key areas of risk.

ROLES AND RESPONSIBILITIES

We require all professional work to be supervised by staff members with the appropriate knowledge and experience. It is the responsibility of the engagement director to ensure related risks are identified and the decisions are taken by those with an appropriate level of authority. The engagement director must also ensure professional work is carried out with appropriate professional skepticism and that it meets the firm's standards in all respects. In addition, our policies and procedures around the review of audit and assurance work are designed to ensure effective control of the audit as it progresses.

To ensure directors and staff have adequate time to undertake their roles, budgets are prepared for each engagement, and staff are scheduled to jobs based on the time to complete an engagement and not on a fee basis. Engagement team discussions play an integral part of the audit planning process to ensure each team member has clarity on their responsibilities for the audit.

ENGAGEMENT TEAMS

The appropriate composition of engagement teams is fundamental to delivering high quality audits. BDO methodology, firm policies and templates all support the appropriate assignment of directors and staff to audit engagements. Supplemented by the solid technical training provided by our Technical & Training Department, we ensure directors and staff have the necessary competencies and technical skills to undertake their engagements.

ENGAGEMENT QUALITY REVIEWS

We have an Engagement Quality Control Review (EQCR) policy that prescribes the circumstances in which an EQCR is required. This meets the existing requirements of HKSQC1 and HKSA 220. The policy details the pre-requisite skills of the reviewer and considers the time available to perform the review.

The review process provides engagement teams with timely, objective feedback on their response to specific risk areas prior to audit sign off and other aspects of audit quality where relevant. The output from the process also assists in the identification of shareable practices and targeted learning for directors and staff.





PROFESSIONAL DEVELOPMENT

One of our key strategic pillars is that of becoming 'advisers of the future'. The critical measures of success in this area are leadership development, capabilities and experience of our people. Through living our values, our people continue to grow and develop as leaders to deliver to our clients' current and emerging needs but ongoing professional development is fundamental in supporting this.

Continuing professional development is critical to ensuring audit quality is maintained and BDO is committed to the continuous development of staff at all levels. We have our own professional development programmes which prescribes specific training programmes for staff at all levels which includes:

- Completion of a relevant professional qualification;
- Technical training; and
- Professional skills development.

At initial professional development levels, for all trainee audit professionals, there is an intensive orientation programme covering our audit approach, tools, policies and procedures and our organisational structure. Additional professional development training is provided as a trainee progress through his or her audit career. This includes access to online content as well as classroom and other forms of training. Training content is integrated alongside role requirements and content required by professional qualifications to ensure that only the right people are performing the work at each level. This professional development is complemented by on the job coaching which provides a significant contribution to the professional development of trainees.

All qualified audit professionals, including managers and directors, are provided with continuing professional development (CPD) annual updates in auditing, accounting and regulatory matters, some of which are mandatory for certain individuals and elective for others, depending on their business focus and own professional development needs. In addition to technical workshops, additional content is provided on a more just in time basis throughout the year. Additional training is also provided by sectors with support and guidance (including training). We require participation in appropriate CPD programmes and monitor the fulfilment of programme obligations.

Professional development opportunities for our people are determined by grade and highlighted in annually updated learning maps provided on our intranet. Our learning management systems can be used to select, book and track attendance in online or workshop based activities.

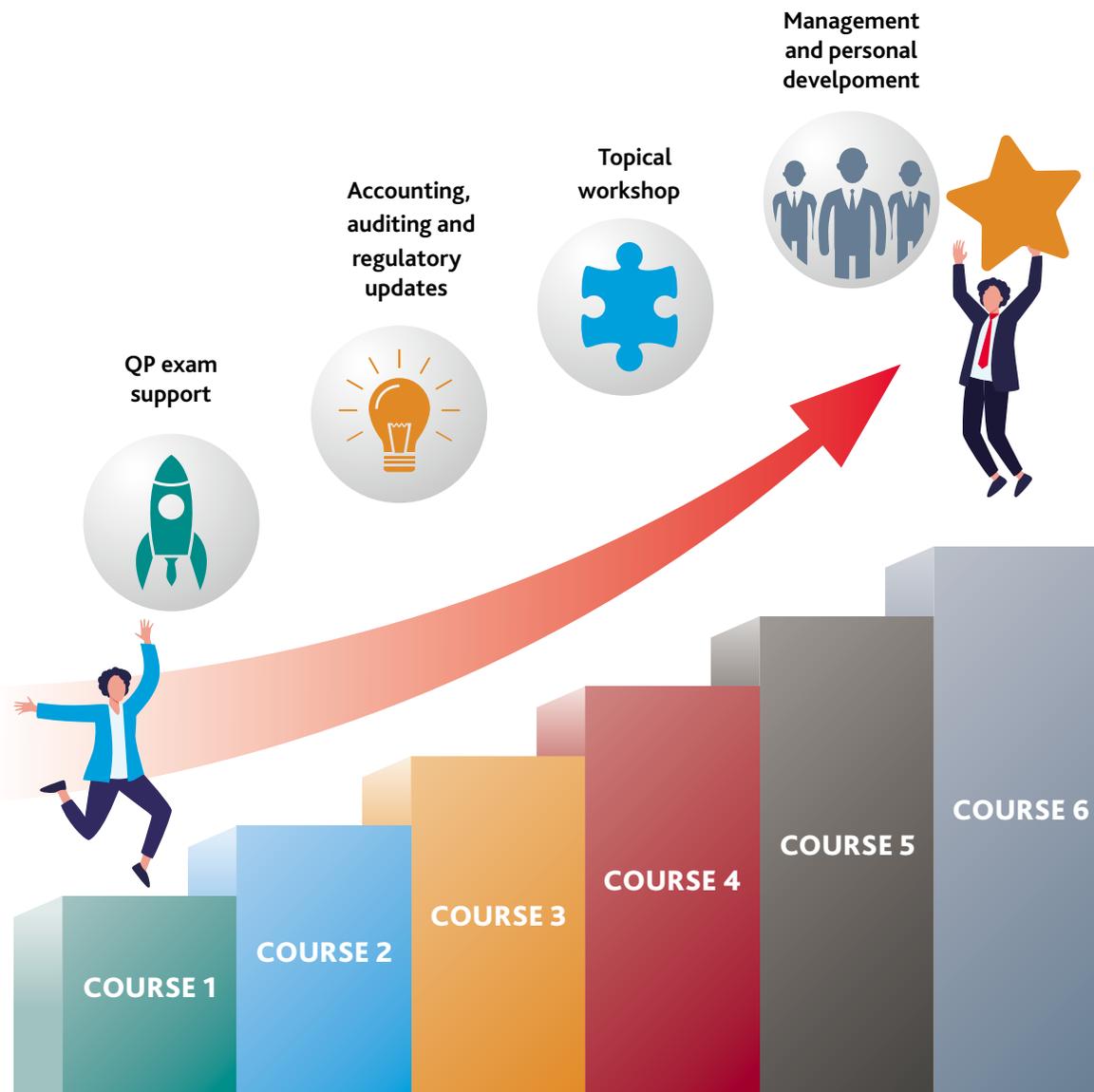


THE LEARNING ENVIRONMENT

As a professional accounting firm, we strongly advocate professionalism. To equip our staff to be fully-fledged CPA professionals, our firm has a dedicated Technical and Training Department for offering abundant developmental opportunities to our staff through an array of human capital development policies and professional learning programmes. We firmly believe that training and development with a nurtured learning culture are essential for the success of the staff and the organisation as a whole. Serving client is no longer a question of being a technical expert, professional staff have to be an all round professional with solid technical and business skills, sharp business acumen and be well versed in the latest regulations and standards in the accounting or other related areas.

Yet, in this dynamic business world, we are experiencing drastic changes such as advancing technology, globalisation of commerce, complex transactions as well as proliferating regulations and litigation cases related to the accounting profession, especially after a series of notorious financial scandals in different parts of the world. All these unprecedented changes make the environment in which professional accounting firms practice extremely challenging, and such challenges impact our strategic directions of staff learning and development in various scopes.

BDO provides a solid learning and development platform for our staff, and our staff proactively grasp every learning and developmental opportunity to excel themselves in the firm.



STAFF AND JOB APPRAISALS

Performance development reviews continue to play a critical role in supporting the firm's focus on continuing professional development. Our staff appraisal system is aligned with the firm's core competencies and values. Ensuring consistency across all levels of staff, the appraisal process also provides an improved user experience and a platform for delivering timely feedback in respect of audit quality and identifying development opportunities.

In addition to the staff appraisal system, individual job appraisal forms are available via internal platform. Job appraisals facilitate communication and feedback in a timely manner and improve individual career development by enabling effective setting of expectations, goals and objectives. They also identify development points and training needs.

Completing job appraisals on a timely basis supports our continuous learning culture and facilitates the development of our audit professionals.

BDO WORKPLACE AWARDS

- Hong Kong Best Employer Brand Award 2019
- Receiving the Caring Company Logo for six consecutive years
- Good MPF Employer 5 Years+ Award
- e-Contribution Award
- MPF Support Award



OUR LEADERS - PARTICIPATION IN ADVANCING AUDIT QUALITY

We continue to believe it is essential to collaborate with external associations and regulatory bodies to work together towards a common goal of increased quality. Meeting regularly with standard-setters and regulators to solicit and provide feedback on current and future standard – setting impactful to the profession and to our clients is critical to driving audit quality and informing our overall audit planning and considerations. Equally as important is encouraging our professionals to take on responsibilities within our global working groups as well as in organisations external to our firm involving leadership and task force member contributions. These contributions help formulate the profession's response to emerging area of risk, complexity, disruption and opportunity. A third drive of our collaborative spirit involves encouraging our people to assume service roles within their communities in the form of board of director and advisory roles, to industry and professional association participation and other thought leadership roles to help our people draw on and deepen their professional experiences and strengths in the services of others.

Clement Chan

- Valid nominated candidates of the Election Committee (EC) Subsector Ordinary Elections 2021 (Accountancy Sector) of the HKSAR Government
- Appointed as Chairman of Hong Kong Association of Registered Public Interest Entity Auditors Limited (PIEAA) for a term of three years
- Appointed by the Financial Secretary as the Inspector in a high profile investigation case
- Appointed as a Non-Executive Director of the Hong Kong Mortgage Corporation Limited for a term of two years



Clement Chan, MH JP
Managing Director - Assurance

Johnson Kong

- Valid nominated candidates of the Election Committee (EC) Subsector Ordinary Elections 2021 (Accountancy Sector) of the HKSAR Government
- Appointed as one of the 40 Accounting Advisors in Hong Kong for a term of five years by the Ministry of Finance of the People's Republic of China
- Appointed as a Non-Executive Director of the Securities and Futures Commission (SFC) for a term of two years



Johnson Kong
Managing Director –
Non Assurance



ROTATION OF KEY AUDIT DIRECTORS AND STAFF

The firm's policies with respect to rotation of key audit directors and EQCR in accordance with the Code of Ethics for Professional Accountants issued by HKICPA: and relevant rules and standards applicable for overseas listed clients.

The engagement director, engagement quality control reviewer and other key director on a Hong Kong listed or Public Interest Entity audit client rotates after seven years. The cooling off period range from two to five years in accordance with the COE.

Rotation data is held on our Firm's Director and EQCR roster database and it is closely monitored by our Head of Quality Assurance.





FINANCIAL INFORMATION

BDO Limited has a staff contingent of approximately 1,100, which includes over 200 qualified accountants, offering a wide range of professional services. Analysis of total revenue from audit and assurance services categorised by different types of clients for the financial year ended 30 September 2021 is as follows:



There were no non-assurance service provided by BDO Limited in both 2020 and 2021.

The combined turnover from statutory audits of the BDO EU/EEA audit firms for the period 2020/21 was €605.172.068.



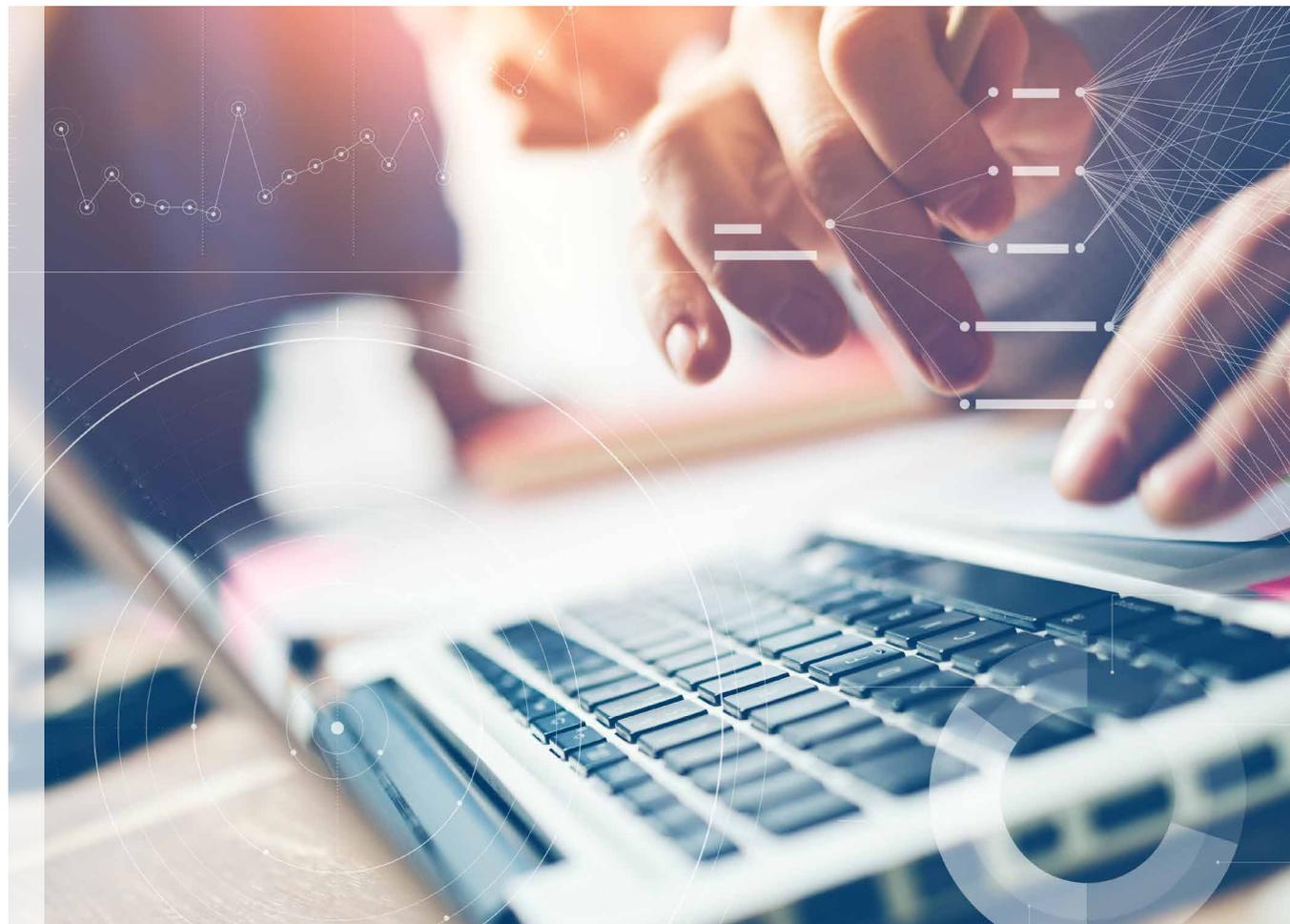


DIRECTORS' REMUNERATION

Directors' remuneration is determined having regard to their responsibilities and performance. Assessment is performed based on our director evaluation system which is a model based on the concept of assessment of competencies expected and performance of a director.

Directors perform self-assessment of their own strengths and weaknesses based on the eight core competencies with reference to our firm's mission statement and core values, of which Technical competency and Risk management and professional ethics are mandatory competencies.

Performance of directors is then evaluated according to their achievements on the competencies, based on various objectives/KPIs which are agreed in advance by the appraisee and appraiser at the beginning of a fiscal year. In addition, Composite Performance Score is also derived based on the performance of each director in each of the five areas including technical competency as a key element. It provides an objective basis of assessment on the performance and competency of the director to support the evaluation.





MANAGEMENT COMMITTEE STATEMENT ON EFFECTIVENESS OF FUNCTIONING

These policies, procedures and monitoring activities have provided our Management Committee with reasonable assurance that we, our directors and staff, have materially 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.

The Management Committee is satisfied that our system of internal control allows us to identify crucial areas where improvements may be necessary. The Management Committee has inter alia considered the results of the reviews performed internally and externally by BDO International and the HKICPA in reaching this opinion.



APPENDIX 1

EU/EEA MEMBER FIRMS

COUNTRY	TERRITORY	NAME OF THE AUDIT FIRMS IN YOUR TERRITORY
AUSTRIA	Austria	BDO Salzburg GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
		BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
		BDO Steiermark GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
		BDO Oberösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
		BDO Audit GmbH, Vienna
BELGIUM	Belgium	BDO Bedrijfsrevisoren BV / Réviseurs d'Entreprises SRL
BULGARIA	Bulgaria	BDO Bulgaria OOD
CROATIA	Croatia	BDO Croatia D.O.O.
	Albania	BDO ALBANIA LLC
	Kosovo	BDO KOSOVO
	Sarajevo	BDO BH d.o.o. Sarajevo
CYPRUS	Cyprus	BDO Limited
CZECH REPUBLIC	Czech Republic	BDO Audit s.r.o
		BDO Group s.r.o.
		BDO Czech Republic s.r.o.
DENMARK	Denmark	BDO Statsautoriseret revisionsaktieselskab
		BDO Holding V, Statsautoriseret Revisionsaktieselskab
ESTONIA	Estonia	Aktsiaselts BDO Eesti

COUNTRY	TERRITORY	NAME OF THE AUDIT FIRMS IN YOUR TERRITORY
FINLAND	Finland	BDO Oy
		BDO Auditor Oy
		Finnpartners BDO Oy
FRANCE	France	BDO France
		BDO AUDIT DES ACTIVITES SOCIALES
		BDO PARIS ENTREPRISES
		BDO PARIS AUDIT PME
		BDO ATLANTIQUE
		BDO RENNES
		BDO LYON AUDIT
		BDO IDF
		BDO LES HERBIERS
		BDO FONTENAY LE COMTE
		BDO NANTES
		BDO LES ULIS
		BDO Paris Audit & Advisory
BDO Méditerranée		
GERMANY	Germany	BDO AG Wirtschaftsprüfungsgesellschaft
		BDO Oldenburg GmbH & Co KG Wirtschaftsprüfungsgesellschaft
		BDO DPI AG Wirtschaftsprüfungsgesellschaft
		BDO Dr. Daiber Audit GmbH Wirtschaftsprüfungsgesellschaft
GIBRALTAR	Gibraltar	BDO Limited

COUNTRY	TERRITORY	NAME OF THE AUDIT FIRMS IN YOUR TERRITORY
GREECE	Greece	BDO CERTIFIED PUBLIC ACCOUNTANTS S.A. BDO Services SA
HUNGARY	Hungary	BDO Hungary Audit Ltd
ICELAND	Iceland	BDO ehf.
IRELAND	Ireland	BDO
ITALY	Italy	BDO Italia S.p.A.
LATVIA	Latvia	SIA BDO ASSURANCE
LIECHTENSTEIN	Liechtenstein	BDO (Liechtenstein) AG
LITHUANIA	Lithuania	BDO Auditas ir Apskaita, UAB
LUXEMBOURG	Luxembourg	BDO Audit
MALTA	Malta	BDO Malta CPAs
NETHERLANDS	Netherlands	BDO Audit & Assurance B.V.
NORWAY	Norway	BDO AS
POLAND	Poland	BDO Spółka z ograniczoną odpowiedzialnością Sp. K.
	Poland	BDO Legal Latała i Wspólnicy Sp.K. (non-voting Firm)
PORTUGAL	Portugal	BDO & Associados, SROC, Lda
ROMANIA	Romania	BDO Audit SRL
		BDO Auditors & Accountants SRL
		BDO Auditors and Business Advisors SRL
SLOVAK REPUBLIC	Slovak Republic	BDO Audit, spol. s r.o.
SLOVENIA	Slovenia	BDO Revizija d.o.o.

COUNTRY	TERRITORY	NAME OF THE AUDIT FIRMS IN YOUR TERRITORY
SPAIN	Spain	BDO Auditores, S.L.P.
		BDO Audiberia Abogados y Asesores Tributarios, S.L.P.
SWEDEN	Sweden	BDO AB
		BDO Göteborg AB
		BDO Göteborg Intressenter AB
		BDO Göteborg KB
		BDO Mälardalen AB
		BDO Mälardalen Intressenter AB
		BDO Norr AB
		BDO Norr Intressenter AB
		BDO Stockholm AB
		BDO Sweden AB
		BDO Syd AB
		BDO Syd Intressenter AB
BDO Syd KB		

APPENDIX 2

PUBLIC INTEREST AUDIT CLIENTS

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

- a. All listed entities; and
- b. Any entity (a) defined by regulation or legislation as a public interest entity or (b) 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.

We do not determine additional entities to be classified as public interest entities other than those falling within the above definition.

In the financial year ended 30 September 2021, we performed statutory audits of the following public interest entities:

Companies listed in Hong Kong:

Anacle Systems Limited	China Apex Group Limited
Anxian Yuan China Holdings Limited	China Binary New Fintech Group
Artini Holdings Limited	China BlueChemical Limited
Bar Pacific Group Holdings Limited	China Chengtong Development Group Limited
BCI Group Holdings Limited	China Ever Grand Financial Leasing Group Co., Ltd.
Beijing Beida Jade Bird Universal Sci-Tech Company Limited	China Fortune Financial Group Limited
Best Mart 360 Holdings Limited	China Fortune Holdings Limited
Boer Power Holdings Limited	China Investment Development Limited
Boill Healthcare Holdings Limited	China Kangda Food Company Limited
CEFC Hong Kong Financial Investment Company Limited	China Ludao Technology Company Limited
Century Legend (Holdings) Limited	China Nuclear Energy Technology Corporation Limited
CGN Mining Company Limited	China Overseas Grand Oceans Group Limited
Champion Alliance International Holdings Limited	China Primary Energy Holdings Limited

China Properties Group Limited	Da Yu Financial Holdings Limited
China Rongzhong Financial Holdings Company Limited	Datronix Holdings Limited
China Rundong Auto Group Limited	DeTai New Energy Group Limited
China Saftower International Holding Group Limited	Differ Group Holding Company Limited
China Shenghai Group Limited	Digital Domain Holdings Limited
China Tangshang Holdings Limited	Dongguang Chemical Limited
China Yurun Food Group Limited	Dongwu Cement International Limited
China Zhongwang Holdings Limited	DOUMOB
Ching Lee Holdings Limited	DT Capital Limited
Chuan Holdings Limited	E Lighting Group Holdings Limited
Cinese International Group Holdings Limited	Eco-Tek Holdings Limited
Circutech International Holdings Limited	EGL Holdings Company Limited
Citychamp Watch & Jewellery Group Limited	Elate Holdings Limited
Classified Group (Holdings) Limited	Endurance RP Limited
CLSA Premium Limited	Ernest Borel Holdings Limited
CNNC International Limited	Essex Bio-Technology Limited
Coastal Greenland Limited	Ev Dynamics (Holdings) Limited
Continental Holdings Limited	EVOC Intelligent Technology Company Limited
Core Economy Investment Group Limited	Expert Systems Holdings Limited
Crazy Sports Group Limited	Far East Holdings International Limited
Creative China Holdings Limited	Fineland Living Services Group Limited
CROSSTEC Group Holdings Limited	Fire Rock Holdings Limited
Crown International Corporation Limited	Flying Financial Service Holdings Limited

Fountain Set (Holdings) Limited	Hi-Level Technology Holdings Limited
Freotech Road Recycling Technology (Holdings) Limited	Honbridge Holdings Limited
Frontage Holdings Corporation	Hopefluent Group Holdings Limited
Futong Technology Development Holdings Limited	Huadian Power International Corporation Limited
Future Bright Holdings Limited	Hua Lien International (Holding) Company Limited
Future Data Group Limited	Huisen Household International Group Limited
FY Financial (Shenzhen) Co., Limited	Huobi Technology Holdings Limited
G&M Holdings Limited	Hyfusin Group Holdings Limited
Gameone Holdings Limited	IAG Holdings Limited
Gemini Investments (Holdings) Limited	IBI Group Holdings Limited
Glory Mark Hi-Tech (Holdings) Limited	Innovax Holdings Limited
Glory Sun Financial Group Limited	International Business Settlement Holdings Limited
Glory Sun Land Group Limited	International Entertainment Corporation
GME Group Holdings Limited	InvesTech Holdings Limited
Golden Ponder Holdings Limited	ISP Holdings Limited
Good Resources Holdings Limited	Jia Group Holdings Limited
Grand Brilliance Group Holdings Limited	Jiahua Stores Holdings Limited
Grand Ming Group Holdings Limited	Kasen International Holdings Limited
Grand Ocean Advanced Resources Company Limited	King Fook Holdings Limited
Grand Talents Group Holdings Limited	Kingkey Intelligence Culture Holdings Limited
Greatwalle Inc.	King's Flair International (Holdings) Limited
Hangzhou Tigermed Consulting Co., Ltd.	Kingston Financial Group Limited
HG Semiconductor Limited	Kong Sun Holdings Limited

KPa-BM Holdings Limited	Oriental University City Holdings (H.K.) Limited
Lansen Pharmaceutical Holdings Limited	P.B. Group Limited
Lap Kei Engineering (Holdings) Limited	Pacific Millennium Packaging Group Corporation
Left Field Printing Group Limited	PanAsialum Holdings Company Limited
LFG Investment Holdings Limited	PC Partner Group Limited
Link Holdings Limited	Persta Resources Inc.
Linocraft Holdings Limited	Petro-king Oilfield Services Limited
Lion Rock Group Limited	PFC Device Inc.
LongiTech Smart Energy Holding Limited	Pinestone Capital Limited
M&L Holdings Group Limited	Pizu Group Holdings Limited
Mason Group Holdings Limited	Pokfulam Development Company Limited
MEGAIN Holding (Cayman) Co., Ltd.	Poly Property Group Co., Limited
Mexan Limited	Poly Property Services Co., Ltd.
Mingfa Group (International) Company Limited	Pujiang International Group Limited
M-Resources Group Limited	Putian Communication Group Limited
NagaCorp Ltd.	PW Medtech Group Limited
Nan Hai Corporation Limited	Quali-Smart Holdings Limited
New Concepts Holdings Limited	Quantong Holdings Limited
New Sparkle Roll International Group Limited	Renco Holdings Group Limited
Ocean Line Port Development Limited	Sandmartin International Holdings Limited
OOH Holdings Limited	Shandong Fengxiang Co., Ltd.
Optima Automobile Group Holdings Limited	Shanghai Dazhong Public Utilities (Group) Co., Ltd.
Orient Securities International Holdings Limited	Shanshan Brand Management Co., Ltd.

Sheng Yuan Holdings Limited	Tiande Chemical Holdings Limited
SHK Hong Kong Industries Limited	Tianjin Teda Biomedical Engineering Company Limited
Shuanghua Holdings Limited	Tongfang Kontafarma Holdings Limited
Shunfeng International Clean Energy Limited	Tongguan Gold Group Limited
Silver Tide Holdings Limited	Travel Expert (Asia) Enterprises Limited
Sincere Watch (Hong Kong) Limited	Uni-Bio Science Group Limited
Sino Harbour Holdings Group Limited	Unity Enterprise Holdings Limited
Sino Oil And Gas Holdings Limited	Universe Printshop Holdings Limited
Sino-i Technology Limited	Veson Holdings Limited
SINOPEC Engineering (Group) Co., Ltd.	Vistar Holdings Limited
SMC Electric Limited	Wanka Online Inc.
Solartech International Holdings Limited	Water Oasis Group Limited
South China Assets Holdings Limited	Weihai City Commercial Bank Co., Ltd.
SouthGobi Resources Ltd.	Weiye Holdings Limited
Star Group Company Limited	Winfair Investment Company Limited
Steed Oriental (Holdings) Company Limited	Winfull Group Holdings Limited
Sterling Group Holdings Limited	Winson Holdings Hong Kong Limited
Strong Petrochemical Holdings Limited	Xinyi Electric Storage Holdings Limited
Superactive Group Company Limited	Yanchang Petroleum International Limited
Symphony Holdings Ltd.	Zhi Sheng Group Holdings Limited
Synergy Group Holdings International Limited	Zhongjin Technology Services Group Company Limited
TBK & Sons Holdings Limited	Ziyuanyuan Holdings Group Limited
Thiz Technology Group Limited	ZMFY Automobile Glass Services Limited

Companies listed elsewhere:

99 Wuxian Limited	LCT Holdings Limited
Astron Corporation	Luxking Group Holdings Limited
Cathay International Holdings Limited	Novoheart Holdings Inc.
Dukang Distillers Holdings Limited	Pan Hong Property Group Limited
Full Apex (Holdings) Limited	Worldsec Limited

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BDO LIMITED, A HONG KONG LIMITED COMPANY, IS A MEMBER OF BDO INTERNATIONAL LIMITED, A UK COMPANY LIMITED BY GUARANTEE, AND FORMS PART OF THE INTERNATIONAL BDO NETWORK OF INDEPENDENT MEMBER FIRMS.

BDO IS THE BRAND NAME FOR THE BDO NETWORK AND FOR EACH OF THE BDO MEMBER FIRMS.

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