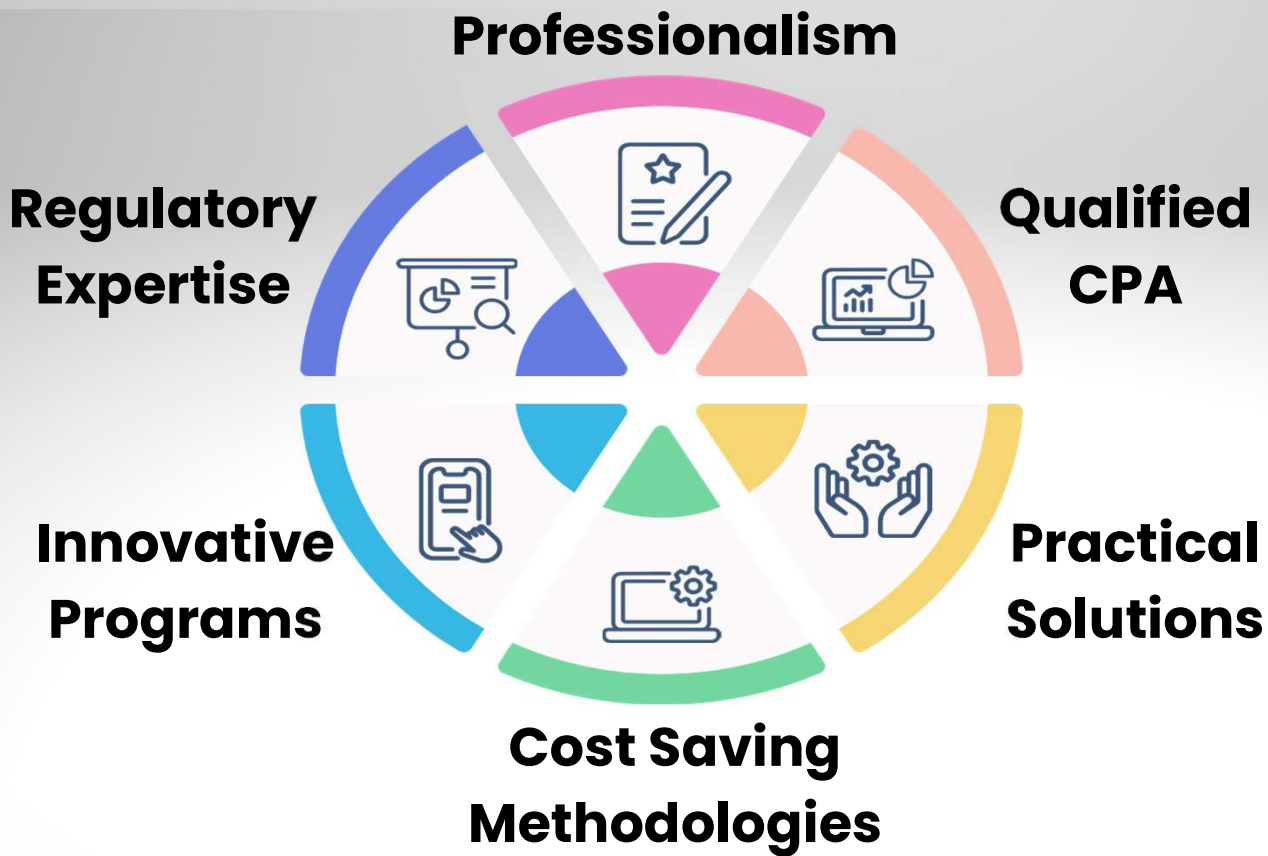


INTRODUCING AUDIT PROGRAM 4.1

Last Updated: 13 May, 2026

1.1 About EQC



1.2 EQC Consultancy services

- Experience in handling over 300 Practice reviews / Inspections
- Consulted in all stages of practice reviews / inspections
- Work with law firms in handling complaints / mitigating negotiations
- Use innovative technologies (AP4.1) to generate working papers, AML screening & FS Generation
- External monitoring reviews, including annual QMM reviews, CFM reviews
- Ad-Hoc Consultancy and Retainer for Year-Round consultancy
- Hot & Cold File Reviews, and SMP's Business Consultancy
- Drafting of SoQM policies, AML Policies for CPA & TCSP Licensees
- Prep Work for inspections and responses to inspection findings
- Consultancy for root cause analyses and remedial actions
- Customized training programs specific to findings

Contact for inquiries:

Mr. Roger Cheng

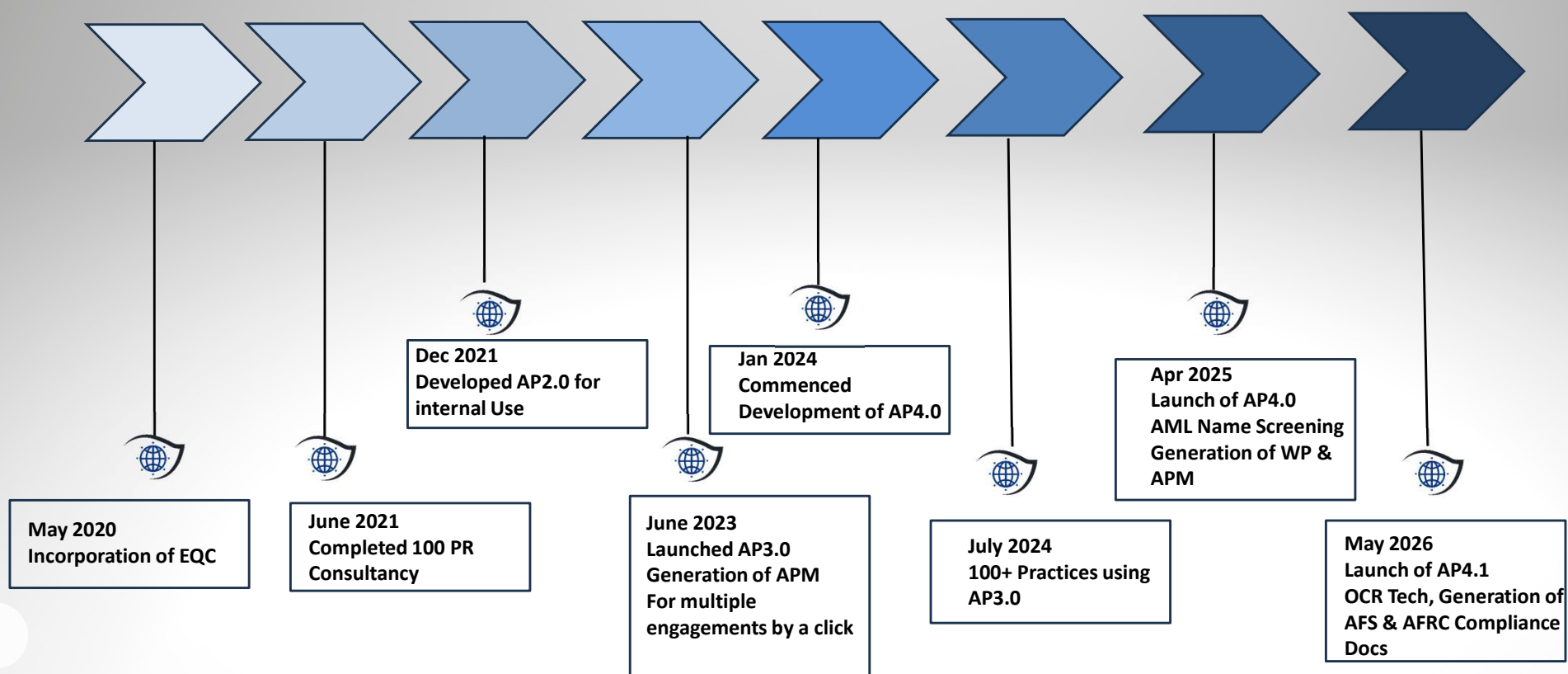
9543-3218 / 6015-7080

rcheng@eqcadvisory.com

Website: www.eqcadvisory.com



1.3 EQC Milestones on Audit Program



Section 1: Do Regulators Support the Use of Tech in Audit?

**AFRC 2026
Publication:
Embracing an AI-
empowered Future
for Accounting
Profession
(25 Feb, 2026)**

AFRC: Potential Use Cases of AI

- 1. Data Summarisation**
- 2. Document Organisation & Retrieval**
- 3. Background Screening**
- 4. Data Extraction**
- 5. Content Creation**

HKICPA: Digital Transformation Roadmap for SMPs (4 Nov, 2025)

- 1. Unveiled roadmap, a strategic framework to guide SMPs in digital transformation**
- 2. Nearly 300 Members attended to support a digital future.**

Section 2: Introducing Audit Program 4.1

2025/26 CPA Pain Points That AP4.1 Tackles

- 1. Talent Shortage**
- 2. Incomplete working papers**
- 3. Lack of Organization**
- 4. Regulatory Compliance
Challenges**
- 5. Inefficient Audit Processes**
- 6. Lack of Training**
- 7. Bottleneck on Billings**

2.1 TALENT SHORTAGE

Challenges in attracting new talent to the audit field in Hong Kong

In Jan 2024, HKICPA released survey results on Talent supply in Hong Kong.

Uncertain economic outlook causing employers to adopt a “Wait and See” approach on budgets for new headcounts. Newly recruited talents have a learning curve, and employers risk staff turnover.

Hong Kong SMPs face high staff turnover (20% p.a.)

It takes 3-6 months to fill vacancies and another 3-6 months to train & coach new employees, with no guarantees on retention rates.

2.1 TALENT SHORTAGE

SMPs face **recruitment challenges**
due to **limited career opportunities**,
losing talent to larger firms.

**Common Issue: High Staff
Turnover Amongst Gen-Z
when Automation / Tech is
not Used.**



2.2 Incomplete Working Papers

Inconsistent documentation delays audits, increases risks, and creates challenges in meeting regulatory expectations.

Administrative burden on locating audit work, esp. when there is staff turnover.



2.2 Incomplete Working Papers

Often Missing:

- Audit Programs
- Tests of Details
- Documentation of Customized Audit Procedures
- Analytical reviews
- Sample Designs



2.3 Lack of Organization

Scattered working papers make reviews, collaboration, and continuity inefficient and prone to errors

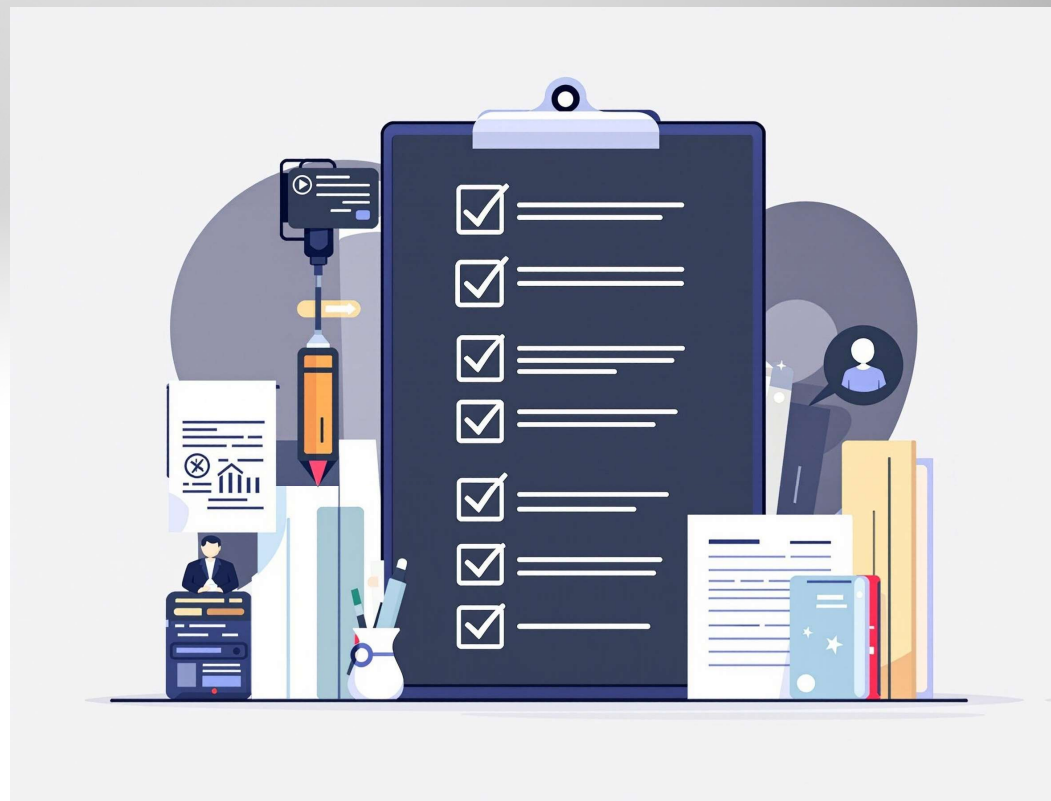
**Often Found:
Inconsistent Filing between
audit team members and
version control issues
between C Drive & Servers.**



2.4 Regulatory Compliance Challenges

Constantly changing regulations create pressure to stay updated and ensure audits meet required standards

**Often Found:
Use of outdated Audit Program templates, and immense pressure during inspections.**



2.5 Inefficient Audit Processes

Repetitive, manual tasks consume time, reduce productivity, and divert focus from higher-value business activities.

Often Found: High Staff Turnover & Low Profitability



2.6 Lack of Training

AFRC Survey in Oct, 2025 required an annual budget on in-house training

AP4.1 can generate training materials with illustrative documentation to demonstrate in-house training. This helps to justify that your Firm has adequate and competent human resources!

2.7 Bottleneck on Billings

Billings often depend on circulation of the draft audited financial statements. Now it only takes 20 minutes to generate financial statements from ledgers.

What Can AP4.1 Do?



Don't be Fooled by AP4.1 - New Program!

Entirely New Functions in AP4.1:

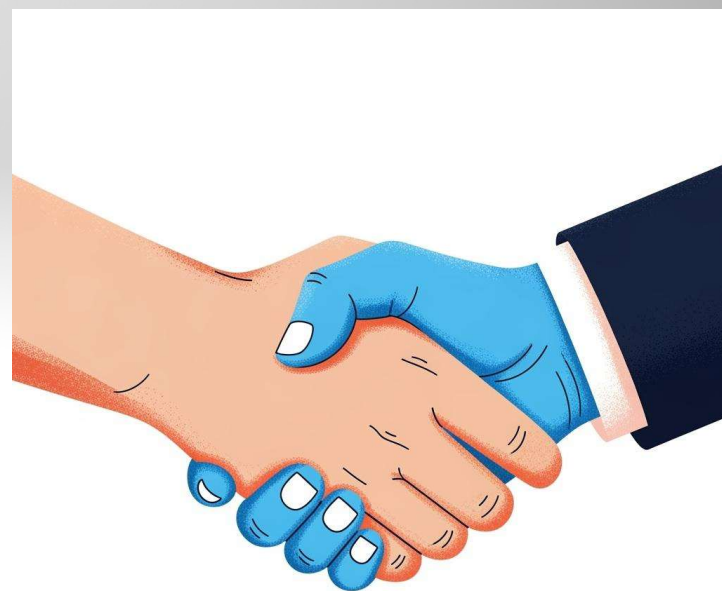
1. Illustrative Audited FS Generation
2. AFRC Engagement Lists auto-compilation used for Inspections
3. Significantly Reduced manual inputs through OCR Tech (Scan PY's AFS)
4. Embedded Auto-Fill in all Input Sheets
5. Time needed for data input for both WP & AFS Generation reduced by up to 60% (now only takes about 20 mins per audit engagement)
6. Improved AML Sanctions Screening function (no Down-time)
7. Error Handling logging for every generation step – better support
8. Pay-by Monthly Instalment Plan
9. Management Dashboard updated to manage Firm as a whole
10. Files auto-synchronized onto Firm's servers

AP4.1 includes all Functions from AP4.0

AP4.0 Functions Carried Over:

1. Client Acceptance:

- Address Recurring Qualification
- Long-Association of Clients
- Risk Assessments
- Eligibility of SME-FRF
- AML UN Sanction Screening



AP4.0 Functions Carried Over:

2. Audit Planning:

- Using HKICPA-APM
- Materiality & PM calculations
- Review of Accounting Estimates
- Understanding Internal Controls
- Fraud risk inquiries
- Risk Assessments
- Revenue & COS Analysis
- A – V Sections Programs completed
- Documentation is GAAP-Specific
- Also Industry-Specific!



AP4.0 Functions Carried Over:



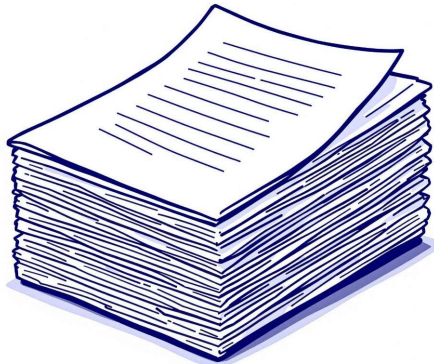
3. Analytical Reviews:

- Line-by-line y-o-y fluctuation analysis
- Compares fluctuation against PM
- Determines materiality of fluctuation
- Determines if increase / decrease
- Then write explanation specific to the circumstances using industry knowledge & reporting framework
- More extensive analytical reviews when fluctuation are material / on high-risk items

AP4.0 Functions Carried Over:

4. Leadsheet, Breakdowns and B/S Movements

- All BS / PL Items:
 - Retrieve numbers from T/B belonging to the same categories
 - Compile breakdowns with comparatives
 - Calculate and shows line-by-line fluctuation
 - All balance sheet items show movement during the year (e.g. PPE movement, IA / IP movement, etc.)
 - Shows PM on the balance / transaction for easy ref
 - Sorts working papers in alphabetical order



AP4.0 Functions Carried Over:



5. Sample Size Determination

- All BS / PL Items:
 - Calculates sample size
 - Retrieve population from TB
 - Access ledgers to filter samples above & below PM
 - Auto-Rename worksheets & Add titles
 - Materiality retrieved from planning worksheets

AP4.0 Functions Carried Over:

6. Designs Audit Procedures for ToD:

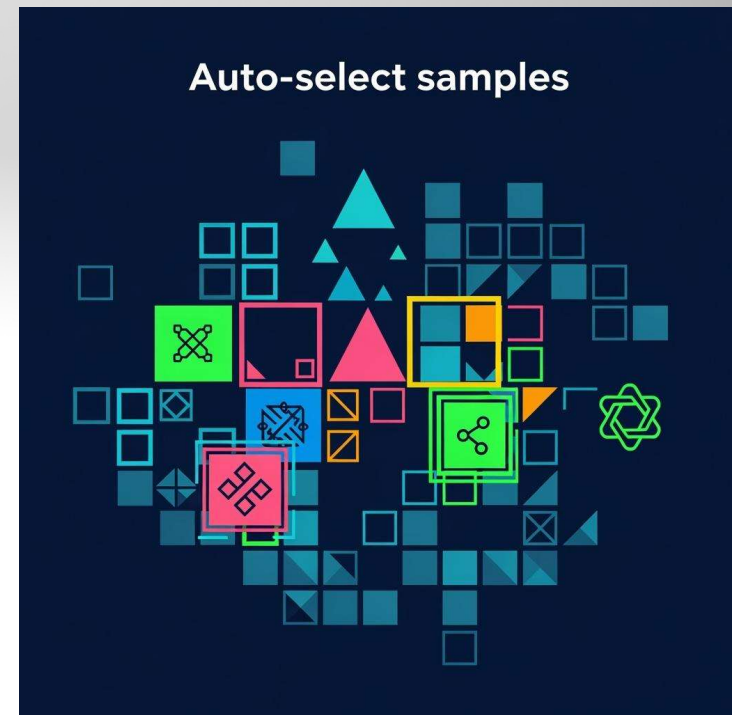
- Designs audit procedures for BS & PL items
- Adds procedures directly to testing wp
- Procedures specifically address assertion-level risks
- Designs title & objective for each testing
- Procedures for Revenues & COS are industry-specific
- All other procedures are also GAAP-specific



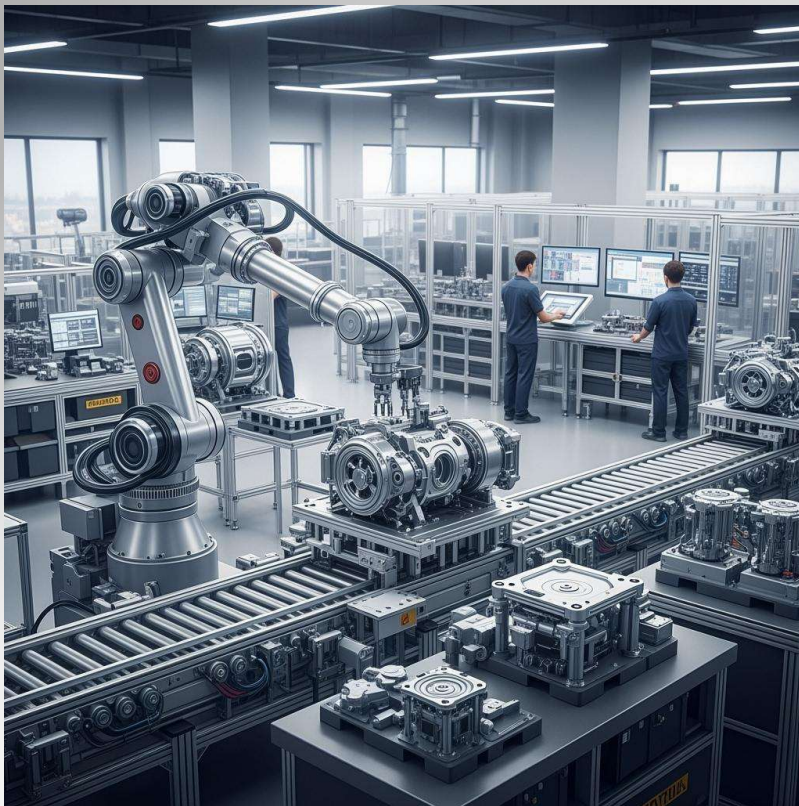
AP4.0 Functions Carried Over:

7. Auto-Select Samples from Ledgers:

- Auto select the most material samples from ledgers
- Copies voucher number, dates, descriptions and amounts to tests of details
- Auto-sort worksheets so that sample design for each testing is placed and referenced next to sample design
- Summarizes risk levels, PM, coverage data in each testing



AP4.0 Functions Carried Over:



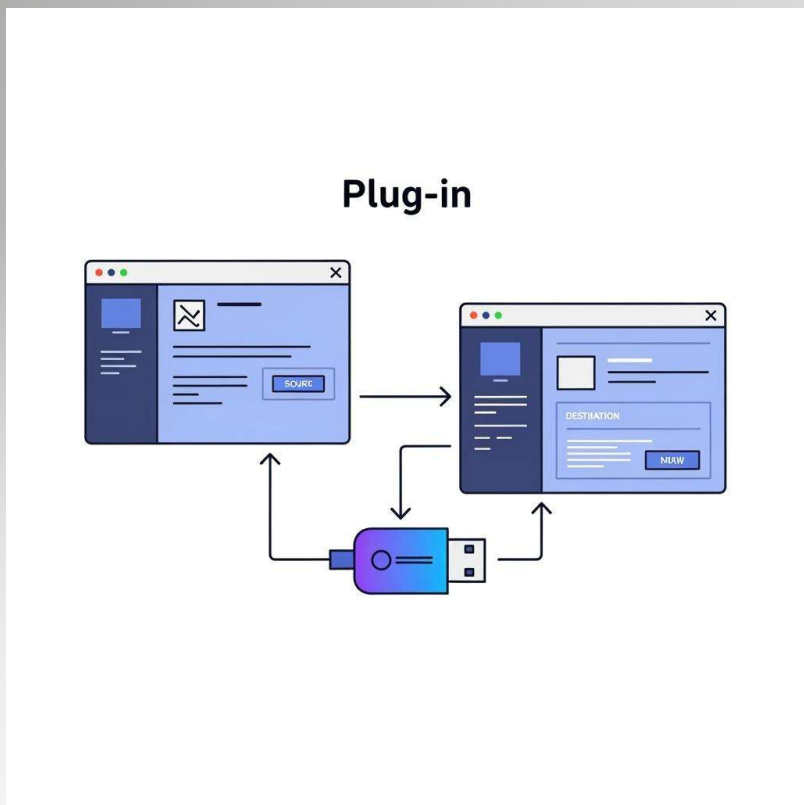
8. Auto-Revise Working Papers:

- Simply add audit adjustments
- Click 1 Button
- Materiality & PM recalculated
- Leadsheets, Breakdowns & Movement schedules updated
- Sample Sizes recalculated
- Sample Desings updates
- Auto-Selected sample Sizes
- Updated Analytical Reviews

AP4.0 Functions Carried Over:

9. Integration with Accounting Software:

- Plug-ins available to directly extract ledger data from excel-file formats
- Xero, PeachTree, Quickbooks, MYOB, SAP, Baan ERP, Inspur, KingDee, Mastersoft, Multiable, Manager.io, or just Matrix using Excel, etc.
- One Click of two Buttons to extract whole year's data
- No Extra fees in Plug-in development & usage



Integration with Key Accounting Software

inspur 浪潮

 **Kingdee**

 **xero**

 **qb**

**MULTI
ABLE**

MAS 商靈 

abss™
Formerly known as **MYOB** South Asia

M **MANAGER**

SAP

X 

Sage 50 HK  **Peachtree**

sage Accountants Network
Master Certified Consultant

Baan

AP4.0 Functions Carried Over:

10. Inspection & AFRC Tested

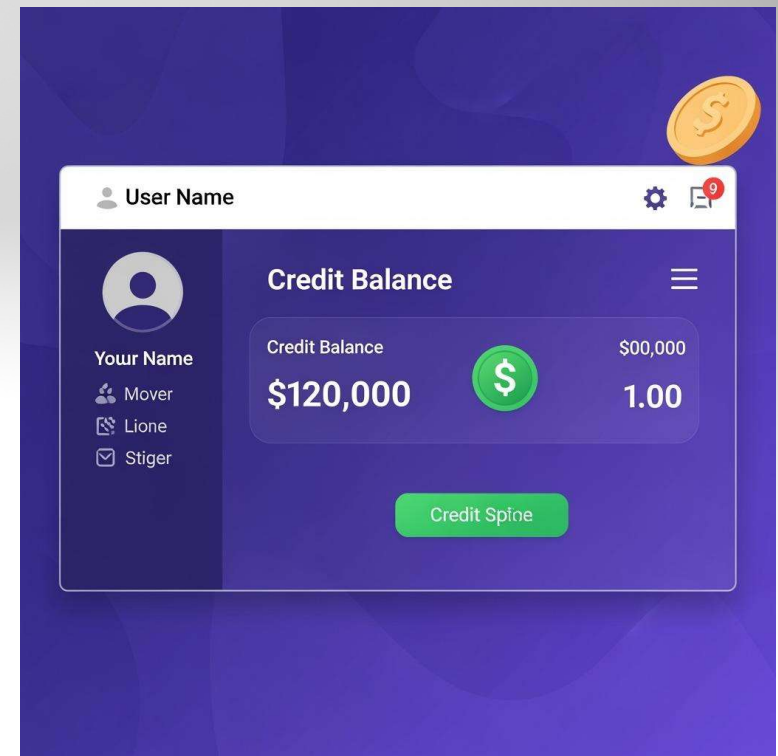
- Easily and safely pass inspections
- No last-minute preparations
- Gain Peace of Mind
- All files ready for AFRC sampling & inspection
- Audit files renamed, filed and organized



AP4.0 Functions Carried Over:

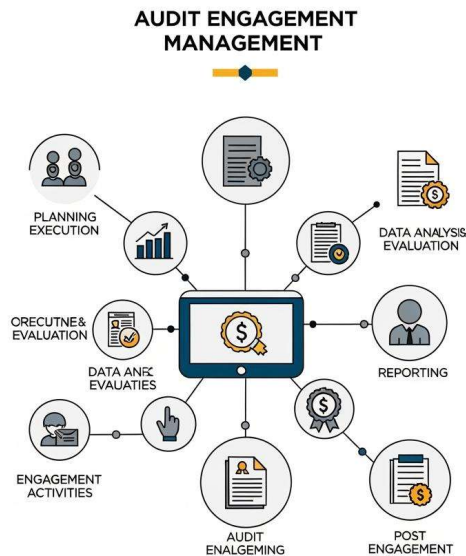
11. Check Credit Balance Anytime:

- Click 1 Button
- Check Credits Used
- Check Credits available
- Check Expiry date of credits



AP4.0 Functions Carried Over:

12. Engagement Management Dashboard



- Engagement Management Dashboard that allow users to check what has been generated and when
- Helps with progress checking
- Helps resuming work by checking what was last generated for each audit engagement
- Especially advantageous with staff turnover, handover of work and engagement continuity
- Embedded features for rollover of audit work papers
- Easy migration to next Audit Program versions

Y2026/27 New Pricing Structure



2.8 Pricing of AP4.1 Subscription

Plan	Number of Credits	Price (HK\$)	Price / Month (HK\$)	Payment Method	Number of Users
Plan A: 1-Year Subscription	Unlimited	100,000	8,333 (Amortized)	In Advance	10 Users (Note 2)
Plan B: 1-Year Subscription (Payment by Month)	Unlimited	117,600	9,800 (Paid Monthly)	Payment by Month (Note 1)	10 Users (Note 2)

Note 1: The Plan B: 1-year subscription is cancellable within first 60 days with a 21-day written notice.

Note 2: Every additional user on top of 10 users @ HK\$4,000 per user per year.

Note 3: Both plans include quarterly training sessions, publicly available to all subscribers & users. For private training sessions on specific scope, or customizations, please contact us for quotations.

2.9 Fixed-Price Commitments

For practices looking for the best long-term value, we're offering a 3-year subscription to the unlimited plan:

By committing to a 3-year subscription, you'll enjoy fixed annual costs and predictable expenses, making it easier to plan long-term.

If prefer flexibility, the unlimited plan is also available by instalments at HK\$9,800 per month (12-month subscription)

Frequently Asked Questions



#1 What are the system requirements for AP4.0?

- **Any version of 64bit Windows (CH / EN)**
- **Excel 365 / 2021 or newer versions (CH / EN)**
- **Minimum 8GB RAM**
- **Minimum 3GB Free Space on C: Drive**

#2 How many workstations can we install? Do they communicate with each other?

- **Every spending of HK\$10,000 entitles 1 free installation**
 - **Every additional installation is HK\$2,500**
 - **AP4.0 is purely offline & run independently.**
 - **Only the user has access to engagement files.**
- Generated files can be moved.**

•

#3 I want to learn more. How to schedule a Demo?

- **Demonstrations are free. Contact us by Whatsapp at Tel: 9543-3218.**
- **If you have equipment in your office, we can visit your office.**

#4 Is AP4.0 only for SME's? Is it more expensive for HKFRS / PE engagements?

- **No, AP4.0 is designed to support any reporting framework, including SME, PE & HKFRS**
- **Credit deduction is the same across all reporting frameworks. The price is dependent on your offer.**

#5 When do credits expire? Can I extend the expiry date if I have unused credits?

- **For a fixed fee of HK\$20,000, you may extend validity date of unused credits by 12 months. But you must do it before they expire! (Not applicable for unlimited plans)**

#6 AP4.0 is always updating, is it best to wait for all the functions first?

- **With technology, there is never an end to updates / upgrades. We suggest to act early to save costs & time.**
- **Even the regulators, AFRC, HKICPA and HK Financial Secretary are advocating the use of Tech to enhance competitiveness!**

#7 Does it cost extra to use new functionalities?

- **As long as you have unused credits, new functionalities do not cost any extra fees.**

#8 What is the cost per audit engagement?

- **This depends on whether you are using 20-credit plan, or the unlimited plan. Based on an average of 300 clients per practice, the cost of the unlimited plan, is approximately HK\$233 per audit engagement.**

#9 Why does the AML screening only search UN Sanctions List?

- **For a CPA practice, only screening against UN Sanction List is required, unless if you have high-risk clients (e.g. FATF high-risk jurisdiction clients), or provide specified services to audit clients. (See 650.2.3 of AML Guidelines)**

#10 My audit clients have messy accounting records, and they do not use any accounting software, can we use AP4.0?

- **Yes, we have developed a plug-in to extract data from ledgers that are in an excel matrix-table format.**
- **Our plug-in tools do not search for keywords, so even Chinese words are compatible with AP4.0. Our tools recognize patterns to extract data.**

#11 Many of my clients only have 1-2 transactions per month? Is it faster if I just prepare w/p myself?

- **Even with few transactions, you can complete an audit engagement within 30 minutes. These include the APM, analytical reviews, leadsheets, and BS movements. Even if you do not rely AP4.0 on tests of details, you'll still save a lot of time.**

#12 My Staff are the one who will be using AP4.0. What if they have technical questions?

- **We provide unlimited training for you and your staff. The free training is provided year-round, and goes through functionalities of the program. Your staff may have their questions answered in our training sessions, or over the phone / screen-sharing.**

#13 It takes too much time to send staff to attend training, what other support is there?

- **We have recorded videos on each function of AP4.0, and there is a user manual available. Most questions can be answered by watching the videos.**
- **We will produce more videos on specific FAQ over time.**

#14 I have watched the videos, but I do not understand what Step 2.4 Map Trial Balance does?

- **It maps each account to a Financial Statement line item. Then for each account, it specifies in which files to look for the transactions of each account.**
- **Account ID / Codes are optional, not mandatory.**

