



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Hong Kong Institute of Certified Public Accountants takes regulatory action against a certified public accountant (practising)

(HONG KONG, 19 July 2019) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Kwok Kwan Hung, certified public accountant (practising) (F03303) for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Kwok was an executive director and the chief financial officer of Sage International Group Limited, a Hong Kong listed company. He supervised the company's financial reporting team and was responsible for preparing the group's consolidated financial statements for consideration and approval by the board of directors. The group's audited consolidated financial statements for the year ended 31 March 2011 and nine months ended 31 December 2011 contained material errors in the accounting of assets and liabilities acquired in two acquisitions, several convertible bonds issued by the company and the company's share options and warrants. The errors represented breaches of Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement*, Hong Kong Financial Reporting Standard (HKFRS) 2 *Share-based Payment* and HKFRS 3 *Business Combinations*.

The Institute concluded that in discharging his responsibilities, Kwok was in breach of the fundamental principle of Professional Competence and Due Care in sections 100.5(c) and 130 of the Code of Ethics for Professional Accountants.

Regulatory action

Based on the foregoing and in lieu of further proceedings, the Council of the Hong Kong Institute of Certified Public Accountants concluded that the following should resolve the complaint:

1. Kwok acknowledges the facts of the case and the areas of non-compliance with professional standards; and
2. Kwok be reprimanded and pay the Institute's costs of HK\$10,000.

About Resolution by Agreement

In order to better serve the interests of the public and the profession, the Hong Kong Institute of Certified Public Accountants (HKICPA) ensures complaints are dealt with in an effective and transparent manner. In accordance with Council powers outlined in the Professional Accountants Ordinance, a Resolution by Agreement (RBA) may be offered in uncontested cases considered to be moderate after taking into account the nature and gravity of the complaint, past disciplinary records of the respondent and any aggravating

or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty, which are handled through a separate disciplinary process.

The RBA includes a mandatory public censure which entails publication of the name of the respondent, facts of the case and areas of non-compliance with professional standards. Information on the Institute's complaint handling process and guidelines for Resolutions by Agreement are available at the Institute website under the "Compliance" section at www.hkicpa.org.hk.

- End -

About HKICPA

The Hong Kong Institute of Certified Public Accountants (HKICPA) is the statutory body established by the Professional Accountants Ordinance responsible for the professional training, development and regulation of certified public accountants in Hong Kong. The Institute has more than 44,000 members and 17,100 registered students.

Our qualification programme assures the quality of entry into the profession, and we promulgate financial reporting, auditing and ethical standards that safeguard Hong Kong's leadership as an international financial centre.

The CPA designation is a top qualification recognised globally. The Institute is a member of and actively contributes to the work of the Global Accounting Alliance and International Federation of Accountants.

Hong Kong Institute of CPAs' contact information:

Ms Gemma Ho
Public Relations Manager
Phone: 2287-7002
Email: gemmaho@hkicpa.org.hk

Ms Rachel So
Head of Corporate Communications and Member Services
Phone: 2287-7085
Email: rachelso@hkicpa.org.hk