



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

## **Hong Kong Institute of Certified Public Accountants takes disciplinary action against a certified public accountant**

(HONG KONG, 2 May 2019) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 25 March 2019 that the name of Mr. Yin Yingneng, Richard, a certified public accountant (F01894), be removed from the register of CPAs for 2 years with effect from 24 May 2019. In addition, Yin was ordered to pay costs of the disciplinary proceedings of HK\$37,000.

Yin was appointed as the Chairman of First China Financial Network Holdings Ltd. ("First China"), a Hong Kong listed company, in 2005 and was subsequently re-designated as a non-executive director. He resigned in December 2008.

In 2012, the Securities and Futures Commission filed a court action against Yin and others for their breach of director's duties to First China. The breach concerned falsely putting forward a non-existent agreement between the company and a third party for the distribution of dividends in connection with an acquisition undertaken by the company. This caused First China to wrongly pay a dividend of RMB18,692,000 to the third party. The Court found Yin breached his duties as a director under the GEM Listing Rules and common law, and ordered him to be disqualified from being a director or involved in the management of any listed or unlisted corporation in Hong Kong for four years.

After considering the information available, the Institute lodged complaints against Yin under sections 34(1)(a)(vi) and 34(1)(a)(viii) of the Professional Accountants Ordinance (Cap 50).

Yin admitted the complaints. The Disciplinary Committee found that Yin failed or neglected to observe, maintain or otherwise apply the fundamental principles of (i) integrity under sections 100.5(a) and 110.2 of the Code of Ethics for Professional Accountants and (ii) professional behaviour under sections 100.5(e) and 150.1 of the Code. The Committee further found that Yin was guilty of professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Yin under section 35(1) of the ordinance. The Committee noted that the breach of trust by a fiduciary is a very serious matter and the amount involved was material. The Committee also considered mitigating factors which included the Court's acceptance that Yin was the least culpable party in view of his attempts to resist the instigator's pressure and to find a way to return the windfall.

### About HKICPA Disciplinary Process

The Hong Kong Institute of Certified Public Accountants (HKICPA) enforces the highest professional and ethical standards in the accounting profession. Governed by the Professional Accountants Ordinance (Cap. 50) and the Disciplinary Committee

Proceedings Rules, an independent Disciplinary Committee is convened to deal with a complaint referred by Council. If the charges against a member, member practice or registered student are proven, the Committee will make disciplinary orders setting out the sanctions it considers appropriate. Subject to any appeal by the respondent, the order and findings of the Disciplinary Committee will be published.

For more information, please see:

<http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/disciplinary/>

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## **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 43,000 members and 19,000 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.

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